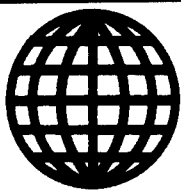


JPRS-EER-88-044
7 JUNE 1988

203121



**FOREIGN
BROADCAST
INFORMATION
SERVICE**

JPRS Report

DISTRIBUTION STATEMENT A

Approved for public release;
Distribution Unlimited

East Europe

19980612 054

REPRODUCED BY
U.S. DEPARTMENT OF COMMERCE
NATIONAL TECHNICAL
INFORMATION SERVICE
SPRINGFIELD, VA 22161

DTIC QUALITY INSPECTED 6

10
64
A04

East Europe

JPRS-EER-88-044

CONTENTS

7 JUNE 1988

POLITICAL

CZECHOSLOVAKIA

- Ambivalent Attitude Regarding Reform Revealed
[Frankfurt/Main FRANKFURTER ALLGEMEINE ZEITUNG, 14 Apr 88] 1
Complaints About Neglected Highways 2
Film on Controversial Subject Reviewed 2

GERMAN DEMOCRATIC REPUBLIC

- Top SED Theoretician Assesses Perestroika, Gorbachev Book 3
FRG Daily Outlines Article [Frankfurt/Main FRANKFURTER ALLGEMEINE, 12 Apr 88] ... 3
Text of Article [Otto Reinhold; East Berlin EINHEIT, Apr 88] 4

HUNGARY

- French Source on Romanian Refugees in Hungary
[Sylvie Kauffmann; Paris LE MONDE, 27 Apr 88] 8
Judiciary, Justice Administration, Rights of Accused Discussed 11

POLAND

- POLITYKA Weekly News Roundup 15
Former NSZZ Adviser Evaluates Current Role in Consultative Council 16
Use of Military Rhetoric in Politics Defended 20
Changes in Bond Issues for Enterprise Financing Considered 20
OPZZ Leadership on Motivational Role of Earnings 21
Soviet Computer Market, Polish Export Practices, Potential Analyzed 22
Food Products Exporter on Banking, Related Reform Efforts 25
Agricultural Fund Coverage Criticized as 'Propaganda of Success' Story 27
Need for Better Investment Policy Noted in Plant-Cooperative Opposition 28
Club of Catholic Intelligentsia on Proposed Local Self-Government Changes 29

ROMANIA

- Historian Iorga's Book on Freedom, Revolution Reviewed 30

MILITARY

GERMAN DEMOCRATIC REPUBLIC

- Consultations on New Weapon Systems Assessed 34

ECONOMIC

CZECHOSLOVAKIA

- Role of Value Instruments and Credits in New Economics
[Ladislav Bakalar; PLANOVANE HOSPODARSTVI, Jan 88] 37
Khozaschet in Agriculture To Cure Problems
[Jaroslav Pokorny; HOSPODARSKE NOVINY, 12 Feb 88] 43

GERMAN DEMOCRATIC REPUBLIC

Soviet Central Committee Organ Praises GDR Economic Policy [Frankfurt/Main FRANKFURTER ALLGEMEINE ZEITUNG, 18 Apr 88]	46
SED Notes Current Deficiencies in Agricultural Sector [Frankfurt/Main FRANKFURTER ALLGEMEINE ZEITUNG, 18 Apr 88]	46
Government Encourages More Retail Trade, Customer Services [Frankfurt/Main FRANKFURTER ALLGEMEINE ZEITUNG, 13 Apr 88]	47

POLAND

ZYCIE GOSPODARCZE 'Briefs' Column	47
Criticism of Enterprise Evaluation Evokes Strong Defense	48
Proexport Policy Defended as Necessary for Debt Payment	50
Heavy-Industry Distortions; Return of Small Industries Advocated	52
Medicine Shortages Linked to Import-Export Confusion, Losses	55

SOCIAL

GERMAN DEMOCRATIC REPUBLIC

Professor Scores Graduate-Study Inefficiencies	57
--	----

CZECHOSLOVAKIA

Ambivalent Attitude Regarding Reform Revealed
23000073 Frankfurt/Main FRANKFURTER
ALLEMEINE ZEITUNG in German 14 Apr 88 p 12

[Article by Victor Meier: "Only the Top Leadership Wants Reforms"]

[Text] Prague, in April—It was hardly without reason that the Central Committee of the Czech Communist Party at its most recent plenary meeting insisted to such a degree on mobilization of the party and on cadre policy. The top leadership's and General Secretary Jakes' recognizable willingness at least to have economic reforms is fitting for a party which is scarcely suitable for a leading role on the way to reforms. It will now have to pay for the fact that in 1970 the entire reformist, liberal and progressive wing—more than half a million members—was amputated on the spot from the party in a purge. The reform-minded leadership should basically form a new party today. Some statements made by Jakes in his report to the Central Committee came fairly close to this fact.

Even in the upper party organs, in the Presidium and on the Central Committee, the reformers are as always in the minority. The two Slovaks Janak and Lenart who sit on the party presidium and the secretariat, respectively, of the all-state Central Committee, are functionaries who are favorable toward reform but by no means militant about it. Lenart, Czech premier between 1963 and 1968 and up to now first secretary of the Slovak party organization, replaced Jakes at chairman of the party's Economic Commission. But the Central Committee's dogmatically-oriented Secretary Fojtik was also promoted, who in time is likely to exercise supervision over ideological questions instead of Bilaks. Fojtik's promotion allows for the assumption that the effect of the "equilibrium" introduced by then Soviet party chief Brezhnev still lingers in the Czech party, an effect which ultimately lead to immobility. Fojtik is intellectually flexible, and greater calm has recently been noticeable toward the so-called established opposition, meaning the people around former Foreign Minister Hajek and writer Havel from "Charta 77." It has almost become a ritual during official visits to Czechoslovakia for the guests to establish contact with these persons. Even the publication of a small opposition newspaper is presently tolerated by the authorities. But Fojtik has identified himself too much with the party's dogmatic line during the Brezhnev era in order to be credible as representative of a democratic opening.

There are still likely to be major difficulties for a democratic opening in Czechoslovakia. With his emphasis to the Central Committee of the "leading role of the party," Jakes has set the boundaries very narrow from the outset. The party secretary also made it clear, with his remark that Czechoslovakia will always follow the Soviet example, that Prague will not insist on its own

"restructuring" if Gorbachev ultimately were to fail. As before, many people in Czechoslovakia appear to expect such a failure, even outside the party ranks. The civil service machinery in the state and economy has become all too used to the routine trot.

The Slovaks as well reveal no exaggerated excitement for restructuring, since Slovakia and its functionaries have not fared badly under the system since the federalization at the end of 1969. If the law for state-owned enterprises, which has now been processed at an accelerated pace, takes effect on 1 July, companies in the entire country must be reorganized into efficient units, with more independence and greater responsibility. Many people, among them all those who belong to the so-called intermediate structures, that is to say industry organizations, combines and other enterprise associations, will have to change their positions, since their organizations will be abolished. The agricultural cooperatives will be adapted to this, and the new labor law as well as new regulations about foreign trade will be enacted—all things which require new thinking, initiative and flexibility.

Despite all resistance, the pressure for reforms seems to have an effect in the economic sector; here, it could even function independent of certain fluctuations in Moscow. The country's economic situation is strained and cries out for changes. The dogmatists as well have realized that Gorbachev perhaps might not go any further, but that in any case he cannot be totally ignored. In the end, Jakes, who is 65 years old, appears to have the intention of setting certain things in motion himself.

The search for new and better cadres demanded by Jakes can lead to a strengthening of the demand for reform and opening in the party as well. In the 1960's this search actually originated in the party itself; today it comes from some of its segments and from outside. When the words "democratization" and "democracy" are used in Czechoslovakia, they are not only connected with vague ideas of more criticism, of elements of independent administration of enterprises or of letters from readers in the party organ, but with the memory of the multiparty system under statesmen Masaryk and Benesch. Since in Hungary and Yugoslavia there is already public discussion of whether it was even appropriate for the communists to seek autocratic rule after the war, one can imagine what dimensions such a discussion would take on in Czechoslovakia. There was a feeling in the reports from the plenum that the leadership would anxiously like to erect barricades, but it will be difficult to have a convincing effect with economic reforms without opening the floodgates politically. The so-called lessons from the crisis-like development in the year 1970, which still constitute the dogmatists' weapon against democratization, are "as always valid in the present debate," it was said at a press conference after the plenum, but Jakes had not mentioned the document by as much one word. And what uncertainty will there be one day when the new evaluation of the Soviet invasion in 1968 comes up?

Uncertainty was the reaction to the demonstrations by Catholic believers in Prague and Bratislava. The action of the police in Bratislava was not only marked by brutality but also by anti-Western emotions. Someone took the trouble to listen to the accompanying police radio traffic in Bratislava and give it to the West. The commands clearly included talk about attacking the Western journalists, in particular the television people, as well as "flattening" the demonstrators, as the expression went. Such actions are difficult to reconcile with Prague proposals for the formation of a "confidence zone"—particularly with its humanitarian aspects—between East and West in Europe. To be sure, central authorities in Prague are now trying to shift the responsibility to the Slovak authorities. Meanwhile, it has always been a particularity of communist Czechoslovakia that the politicians had difficulty controlling their police. If nothing changes here and, above all, if one does not succeed in holding back the anti-Western emotions of the police, Prague is better off renouncing the proposals for "confidence zones" and "a common house of Europe." At the most recent plenum, Jakes also tried to represent the oppositional currents and manifestations in the country as a mere function of Western propaganda.

11949

Complaints About Neglected Highways
24000097b Prague HALO SOBOTA in Czech
16 Apr 88 p 4

[Article by fek: "A White Road in Front of Me..."]

[Text] The words in the headline are sung by the vagabond in the well-known song by Hasler, and perhaps long-distance drivers will also hum the pretty melody. But the status of our roads in comparison with developed European countries is, to put it mildly, deplorable. And this is not only true of local roads and second- or third-class roads. Highway users treat them badly and highway administrators, in a word, are not up to the required maintenance. Let us only remember how long it takes for the snowplows and sanding vehicles to set out after a snowfall—and they don't even reach some roads at all.

The situation is no better with respect to the maintenance of highways. Potholes and washouts which tend to thoroughly test and frequently disrupt alignments and mufflers can be found everywhere. From third-class highways to first-class highways. No one is particularly interested because the driver is obligated to adapt his speed to the status of the road.... The administrators of our roads probably had to fit this little formula into their decrees. In any event, they grumble a lot about it. It is not infrequently that a detour routes traffic from a first-class highway to an okres road which is inadequate in width and quality of surface. For instance, not far

from Bytec a low-quality detour has already cost several human lives, not to mention material damage and wasted fuel in a slowly moving column of traffic.

However, many enterprises also behave badly with respect to roads. Agricultural workers were not bothered by the mud on their tractor wheels or wagons during the potato or sugar beet harvest, construction workers did not care about the mud when leaving construction sites. An example from the city of Prague. On the Radlice Highway in the direction of the southwest city, a new metro station is being completed. Around the corner, however, the driver is confronted by a contiguous layer of mud. It would be sufficient to hose down the mud at the exit from the station and to clean off the wheels of vehicles. The status of this road accounted for "only" 752 traffic accidents during last year and no fatalities. Or are we waiting for one in this case?

Let us, in fact, consider the surface of the roads. The formula about adapting the speed to the surface, which I mentioned above, does have its justification. And it is not merely the fact that a pothole will disrupt your alignment. We must very carefully consider the surface of the road in changing weather, during the rain, in snow, and when it is icy. It is worthwhile to ease up on the throttle, because of the total of 104,697 recorded traffic accidents last year some 42 percent resulted from wet and slick pavements, and 36 percent in 1,190 fatalities.

05911

Film on Controversial Subject Reviewed
24000091 Prague RUDE PRAVO in Czech
21 Apr 88 p 5

[Article by Vera Miskova: "What Is It That You Actually Want? A Film Diagnosis of a Serious Social Illness"]

[Text] The question which I used as a header for the following lines is as bad as the shocking finale of the new Czechoslovak film entitled "Bony a klid" [Coupons and Quiet], which was filmed in the Second Dramaturgical-Production Group of the Barrandov Film Studios. It is shocking because these words are used at the conclusion to pose the basic question of the problem the film addresses. Although black marketeering in foreign currency exchange is anchored in the conscience of the majority of people as an extraordinarily repulsive phenomenon, it is nevertheless a phenomenon which is possibly even used occasionally by some of those who condemn it and is not being solved by those who should be solving it.

Men or youths hanging about in front of TUZEX [foreign currency stores] outlets and murmuring the phrase "Don't you want some hard currency coupons?" are rightfully bypassed without being noticed or earn a contemptible shaking of the head on the part of passers-by. But when the heart longs for luxury goods which are

not available in existing sales outlets and for Czechoslovak currency and if the family does not happen to have any hard currency coupons or foreign exchange earned as a result of any kind of work, then one perhaps dares and considers and sometimes even quietly and secretly steps aside into the arcade....

Author Radek John has placed his principal hero Martin (played by Jan Potmesil)—a naive petit bourgeois boy longing for a video-cassette recorder who kept changing until he exchanged—and really got caught by the black market foreign currency operators—into just this type of situation. The moralist will say: "Serves him right." And then he only sees how this baggage himself becomes a clever foreign currency black marketeer. The mashers who are knowledgeable in the world of money and swindling, were not able, after several slightly gangster-like attempts, to come up with anything other than taking him into their midst, letting him "earn," reap the benefits of the money and of everything available for it and keep him silent in this way.

Too bad that the author of the screenplay did not come up with anything else either. By a somewhat unlikely expose (would the Kcs 20,000 be worth it to the group to let Martin "enjoy" much more?) the screenplay author, unfortunately, predetermined the further development of the basic dramatic incident. In order to be able to show what became of his wide-eyed hero who was not knowledgeable of the big city and what it did to him, he virtually locked all characters of the film, and together with them the majority of the scenario, into the pilloried environment excluding any influence on the part of the surrounding world. In this way, he deprived himself from the beginning of the opportunity to perform a deeper analysis of the social connections and reasons for black marketeering in foreign currency exchange. Although unabashedly cynical discussions regarding the economic necessity of this "profession" belong among the strongest places in the film, and although it was even possible at the conclusion to successfully indicate something of the fact that everything is quite different and worse, none of the indicators was able to overcome the mere making of a statement, even though that statement was essentially necessary.

"Bony a klid" is a picture whose film realization outstrips the current average level of professional filmmaking. Director Vit Olmerov, working in proven tandem with cameraman Oto Kopriva, succeeded in shooting a spectacle which, even at first glance, covers up the shortcomings it may have in dramatic preparation. The conspicuous selection of scenes, the composition of the entire film, the selection of individual types of characters, and the direction of the actors, the dynamic camera work which, from time to time, even surpasses one's vision, and all of this augmented by appropriate music and cutting-room performance does not permit the spectator to breathe, even for a moment.

The unusually attractive depiction, however, occasionally comes into conflict with the moral appeal, which was undoubtedly a factor. The attractiveness (in some scenes it assumes the dimensions of a problem) can arouse feelings of the allure of such a life, particularly among young viewers. This is all the more so since, in the end, the incident breaks out of its locked-in environment actually, thanks to "a war between two gangs," and punishment results not because of "honest" black marketeering in foreign currency but as a result of false play within the black marketeering operation. Even this is one of the indicators of the fact that the substance lies within the indifference of those decisive social institutions responsible for solving the entire problem—an indifference which is worthy of condemnation—but for the purposes of moral-ethical reverberations of the film this indicator is nevertheless insufficiently persuasive. A more categorical stand on the part of its creators would have been beneficial in this case.

Despite the above fault in its beauty, this is a work which, like the slightly older "Proc?" or "Pavucina" broke through the long-time somnolence of the film industry with respect to private or highly marginal problems of the contemporary era. And if we say today that it only describes a very unpleasant truth, then it is to the credit of Radek John and the others for bringing out similar truths in literature and film. A diagnosis, the identification of an illness, is one of the first essential steps toward a cure. I am convinced that the time for these works had to come so that it could end and free the way for deeper insights into contemporary life in our society, even with its most unpleasant truths. And if that which just yesterday acted virtually like a miraculous breakthrough seems little today, then this is only a good thing.

05911

GERMAN DEMOCRATIC REPUBLIC

Top SED Theoretician Assesses Perestroika, Gorbachev Book

FRG Daily Outlines Article

23000075 Frankfurt/Main FRANKFURTER
ALLGEMEINE in German 12 Apr 88 p 3

[Article datelined Berlin, 11 Apr 88: "The SED Considers Perestroika Absolutely Necessary": Gorbachev's Writings on Reform Are Favorably Reviewed in the East Berlin Central Committee's Journal"]

[Text] Reinhold, rector of the Academy of Social Sciences attached to the SED Central Committee, in the theoretical journal EINHEIT, published by the SED CC, took a remarkably favorable position on Gorbachev's reform ideas. Reviewing Gorbachev's writings published in the GDR, Reinhold calls Gorbachev's book, "Perestroika and New Thinking for Our Land and for the World," an "important document of the politics and

practical struggles in our time." It confirmed in its way "that the Marxist-Leninist parties are willing and able to find new and pertinent answers in a new situation profoundly influencing the fate of mankind." Restructuring the Soviet Union, begun under CPSU leadership, certainly was a tough job, "yet the process of coping with it relies on the strength and ability of an experienced party and of all the people." Perestroika would elevate the people's standard of living in the Soviet Union and, on the international scale, significantly increase the weight and influence of socialism and the effect of its peace policy.

Reinhold, 62 years of age—member of the SED Central Committee since 1967 and for the last 25 years the director of the Academy of Social Sciences attached to the SED Central Committee—is a Marxist scholar, a university professor of political economics, a regular member of the GDR Academy of Sciences and a foreign member of the USSR Academy of Sciences, but also a practical politician with experiences in the SED party apparatus. Reinhold took an authoritative share in the joint SED/SPD document, "Contesting Ideologies and Common Security," published in August last year. He also is one in his party who commits himself to giving life in the GDR to what was agreed upon with the SPD. Reinhold is regarded as one of the candidates for an SED Politburo seat, where he might succeed 75-year-old CC Secretary for Culture and Science Hager.

The Party's Leadership Role

"Our party has clearly expressed that it, like the CPSU, considers this restructuring process in the Soviet Union absolutely necessary, watches it with interest and sympathy, and assists it in line with our possibilities," as Reinhold wrote in EINHEIT. CPSU experiences were of course intensively being studied and exploited with careful regard to the GDR's concrete conditions and requirements. Gorbachev's book—this authentic account of the CPSU—indicated that in all fundamental questions of socialist development full agreement existed between the CPSU and the SED. With it, it became evident that the CPSU—like the SED—in determining its policy took account of the specific conditions and requirements in its country. Gorbachev showed in his book why in the Soviet Union the hastening of economic and social development had become the key issue and the needed process of change had to take on the specific form of restructuring (perestroika). The restructuring program as a whole and in its various components relied on one basic principle: more socialism, more democracy.

Gorbachev kept reiterating that principle, Reinhold writes. He clarified that the party's leadership role and its constant further development were the decisive condition and guarantee for the success of the restructuring process. "The party and no one else initiated this turn, the party elaborated the comprehensive restructuring program, and on the party's activity depends the activation of all working people and all the people," EINHEIT

goes on to say. Ensuring the party's leadership role under the new conditions at all times was the key issue for further development. For the CPSU to renounce democratic centralism in the economy, Reinhold quotes Gorbachev, was out of the question. Central management and planning was and remained a decisive advantage of socialism "which of course must be combined with as much of an in-house responsibility by the economic units as possible."

Reinhold announces in his article that in December 1987 and January 1988 the party-owned Dietz publishing house in East Berlin brought out four volumes of Gorbachev writings. Three contained selected speeches and essays, another volume identical in character was in preparation. (The three volumes published thus far cover the period from November 1967 to July 1986.) "Perestroika," published in 1987, also had been made available to GDR readers very rapidly. (This involves, in contrast to the West German edition, translated from the American, a translation from the Russian.) Its first printing of 40,000 copies had been sold out in a few days. (In fact, like the second printing, of again 40,000 copies, it scarcely reached the bookstores.) By the end of April or early in May, Reinhold goes on to say, the GDR total edition of the Gorbachev book, after a third and fourth printing with another 40,000 copies each, will come to 160,000 copies. And even that will hardly satisfy the enormous demand.

Text of Article

23000075 East Berlin EINHEIT in German
Vol 43 No 4, Apr 88 (signed to press 15 Mar 88)
pp 341-347

[Article by Prof Dr Otto Reinhold, member of the SED CC, rector of the Academy of Social Sciences attached to the SED CC: "Authentic Information on the CPSU's Policy"]

[Text] In December 1987 and January 1988 Dietz publishing house in Berlin came out with four volumes of writings by Mikhail Gorbachev. Three of them contain selected speeches and essays. (Another volume identical in character is in preparation.) "Perestroika," published in 1987, also was made available to GDR readers very rapidly. Its first printing of 40,000 copies was sold out in a few days. A second printing of the same size followed somewhat later. In late April or early May, the book's total edition after a third and fourth printing with another 40,000 copies each will come to 160,000. Our party thereby carries on the publishing of works by Mikhail Gorbachev—Dietz publishing house has brought out a total of 15 titles, books, and brochures since 1985. Thus, essentially all studies, speeches, and articles by Mikhail Gorbachev since elected general secretary of the CPSU Central Committee are available in German in the GDR. It makes sense that the studies, speeches and essays of Mikhail Gorbachev evoke much attention and interest among us, as the friendship, close alliance, and varied cooperation between the SED and

the CPSU, between the GDR and the USSR, after all, belong among the most important accomplishments in our country's history. This varied cooperation still expanded significantly in recent years. Internationally extremely important and effective is our cooperation in the peace policy, marked by complete agreement. Not only does the GDR support without reservation the CPSU peace program, it is also making its initiative-rich contribution to practically implementing the common course of the Warsaw Pact states—as by its policy of dialogue and with concrete disarmament proposals.

Of great weight for strengthening socialism in our countries and in the world arena, and for heightening its attraction and power of radiation are the constantly deepening cooperation and mutual assistance in virtually all sectors of public life. More or less all citizens in our country take part in practically dealing with these relations, deeply rooted in daily life; they affect their work, their life as such. The CPSU and the SED have always paid the greatest attention to this development. Both assume they will carry on that way consistently in the future.

That of course connects with our in principle internationalist stance on the restructuring processes in the Soviet Union. Our party has expressed clearly that it, like the CPSU, considers this restructuring process in the Soviet Union absolutely necessary, watches it with interest and sympathy, and assists in it in line with our possibilities. We study the CPSU experiences intensively of course and exploit them with careful regard for our country's concrete conditions and requirements. That by itself suggests the great value of the four volumes available with the writings of Mikhail Gorbachev.

A first section or major aspect of Mikhail Gorbachev's selected speeches and essays are his studies up to the April plenum of 1985, i.e., his being elected general secretary of the CPSU Central Committee. On various occasions Comrade Gorbachev points out that today's CPSU strategy did not arise in a one-time act, out of nothing, as it were. Rather, it was prepared in various ways. The speeches and essays till 1985 show this very clearly. They deal with a broad set of issues—with economic policy and agricultural development, educational issues and theoretical problems, and questions of party work and foreign policy.

Reading these studies from today's point of view makes clear how new ideas and new conclusions evolved step by step. Mikhail Gorbachev directs great energy at higher economic, particularly agricultural, efficiency. To him, increasing economic efficiency never is an end in itself but always a premise for elevating the people's standard of living. The inseparable link between economic and social development is an irrevocable socialist political principle to him.

The question that runs like a red thread through all speeches and essays is how the activity of the working people might be maximally raised. Looked at from that standpoint, Mikhail Gorbachev keeps coming back to party work. In his festival speech on the occasion of Lenin's 113th birthday in 1983, some theoretical questions are raised that play an extremely important role in today's conception of the CPSU. Two of them may be referred to here. For one thing, he deals thoroughly with the need to use the Leninist lessons on socialist construction more thoroughly in coping with today's tasks. And this involves not just one or another of Lenin's concrete ideas but, in particular, his whole manner of approaching new problems, the basic attitude of not getting stuck in old ways and means that lead nowhere, but of audaciously seeking new solutions. Mikhail Gorbachev keeps coming back to Lenin, his insights, his manner of working and thinking.

And then he comes to grips in this speech with underestimating commodity production, the value law and, in connection with that, the performance principle. It is still becoming more evident today how important clarity in this matter is for the theory and practice of socialism. Such a confrontation was absolutely necessary because in the Soviet Union, and in some other socialist countries as well, the view was widespread that commodity production and the value law were a residue of capitalism and, hence, an element alien to socialism that should have to be surmounted as fast as possible. Mikhail Gorbachev's categorical rejection of that view is of great sociopolitical consequence: Contempt for the value law and its practical use is bound to lead to underrating economic efficiency, the improving of which, basically, is the key problem in converting the economy to intensive expanded reproduction.

A second large complex is made up of the studies that embrace the largest part of the second and the entire third volume of the selected speeches and essays. They bring out the creative work done by the CPSU from the time of the CPSU Central Committee plenum of April to mid-1986 in working out today's domestic and foreign policy course.

For very good reason it is being pointed out time and time again that the turn to a new CPSU policy was initiated with the 1985 April plenum. That Comrade Mikhail Gorbachev was then elected general secretary of the CPSU Central Committee was of far-reaching importance for the CPSU, the international communist movement, and international life as such. Already in his first program speech as general secretary at that conference all essential elements of the new approach to coping with the great tasks are formulated. That becomes most distinctly apparent if one rereads this relatively brief speech (cf. Volume 2, pp 170 ff) today, nearly 3 years later. It is made clear to the reader that not only a fundamental change in policy, in the country's development, was absolutely necessary, but that already the

ideas had been developed about how this change was to be brought about and what aims and priorities it was to be directed at.

With the 1985 April plenum and the 27th CPSU Congress in early 1986 the nature, aims, and main trends of this change were clarified. Yet enormous work had to be and is to be done in setting down in important areas the concrete measures, ways, and steps toward restructuring. The speeches and studies make clear that there are no ready recipes, and can be no such recipes, for solving these tasks. Socio-economic development dynamics logically raise new problems calling for new answers and new conclusions. New experiences are garnered in this process the thorough analysis of which makes possible the following steps.

The studies from that period contain the extremely important CPSU and USSR proposals and initiatives in the struggle to safeguard peace. One should mention mainly the program on freeing the world from all nuclear arms up to the year 2000 and the program on setting up a comprehensive international security system. These volumes also include speeches Mikhail Gorbachev held in the GDR, especially his speech before the 11th SED Congress and the one at the meeting with the collective of the parent enterprise of the Berlin "7 October" machine tool combine in April 1986.

Strengthening Socialism—Guidance for Restructuring

A close connection exists between the three already published volumes of speeches and essays and the forthcoming fourth volume and Mikhail Gorbachev's book on "Perestroyka." While the volumes of essays demonstrate how a new approach was worked out and made concrete step by step, "Perestroyka" puts the insights and experiences together, confronts obstacles, and explains the steps ahead. In that sense it gives an accounting for the stretch of the way taken thus far and stakes out the basic Marxist-Leninist positions by which the CPSU lets itself be guided. This provides a summarized status report.

How important this authentic information on CPSU policy, as contained in the book as in Mikhail Gorbachev's speech on the 70th anniversary of the Great Socialist October Revolution, is appears, for one thing, from the many speculations, wishes, and hopes bourgeois politicians and ideologues attribute to the restructuring process and spread day after day in western mass media. Their interest in reforms in the Soviet Union is, fundamentally, due to the hope that could weaken the basic positions of socialism and give rise to a development that leads away from socialism. Particularly the development of socialist democracy in the Soviet Union has virtually become a permanent topic for certain people. They truly are no adherents to socialist democracy, they rather speculate on that some retrograde development could lead to some form of bourgeois democracy. By now, some of them are disappointed that

the new economic management and planning system in the Soviet Union brings no departure from central management and from democratic centralism. Yet they have not given up their hope as yet by any means. Mikhail Gorbachev comes to grips with all such speculations and explains that CPSU policy serves one goal—to strengthen socialism and enforce its advantages and possibilities for the benefit of man.

Authentic information on CPSU policy is important to us also for another reason. It is perfectly normal that a broad debate is going on in the Soviet Union and in other socialist countries about many socio-economic development problems. Many opinions are expressed in it. Mikhail Gorbachev points out in his book that by no means all expressed standpoints in it reflect the CPSU line and must be accepted. For example, when the statement is made that even in socialism temporary unemployment would have to be expected.

The present book indicates complete agreement between the CPSU and the SED in all fundamental socialist development issues. With it, it becomes evident that the CPSU—like the SED—in determining its policy takes account of the specific conditions and requirements in its country. In harmony with Marxist-Leninist theory, the practical policy of the communist parties assumes that socialist society can put its advantages and opportunities into effect only if it constantly develops further and upward. More than any other system it is true of socialist society that it requires and makes possible top dynamics. This is a fact Lenin pointed out time and again. It pertains to the productive forces as to the production relations and all other domains of public life. Since the 1970's, economic conversion to intensive expanded reproduction, the coping with the scientific-technical revolution, has been the key issue for further socialist advances. Quite apparently, this dynamic process of change is a universal inevitability. As is shown simultaneously, however, the various socialist countries respond to that in specific, diverse ways. Objective as well as subjective conditions play an important role in it.

In his "Perestroyka," Mikhail Gorbachev explains why in the Soviet Union the hastening of socio-economic development became the key issue and the necessary process of change had to assume the specific form of restructuring. The need for restructuring in the Soviet Union, as he initially points out, grew out of pervasive developmental processes in Soviet society. "Our society was ripe for changes, had to strain at getting there, as it were." (p 15) "At a certain stage—especially noticeable in the second half of the 1970's—something happened for which at the first glance no proper explanation can be found. The country began to lose speed in its development, disturbances increased in the economy, difficulties started to accumulate and exacerbate, more and more problems were begging for solution." (p 17) "Sticking with extensive growth thus led into an economic blind alley." (p 19)

It is being shown in detail which conclusion the CPSU drew to enforce the needed conversion in all sectors of public life. First and foremost there were fundamental changes in the economy, the turn to economic intensification, the setting up of a proper planning system and the broad spread of socialist democracy. It is essential that this is not just a matter of describing and commenting on decisions and ways taken. Rather, time and time again motives and reasons are brought up which explain why under the conditions of the Soviet Union these and no other conclusions were drawn. Much space is given over to describing the obstacles and impediments that must be surmounted.

It is of course not possible here to account in detail for the content even of the most important chapters and sections. Yet some aspects ought to be singled out which, in one way or another, run like a red thread through all sections, which control the spirit, so to speak, in which the CPSU wrestles with enforcing the conversion. It is being expressed throughout that one must seek new solutions and ways in conformity with today's and future requirements, that it is important to answer the question, in theory and practice, as to how Soviet society is to be fashioned in the transition to the next millenium, and how the people are going to live and work in it. It always involves ways and solutions that will strengthen socialism, improving the life of men all-around, or making socialist society more attractive on the international scale. "We are making all our changes in harmony with the decision for socialism. We are seeking answers to questions raised by life inside, not outside, of socialism. We apply a socialist measure to all our successes and failures. He who hopes we will deviate from the socialist path will be bitterly disappointed. Our restructuring program as a whole as in its individual parts relies on one principle: more socialism, more democracy." (p 40)

Even when dealing with specific questions and areas, Mikhail Gorbachev keeps returning to this basic position. He explains that the party's leadership role and its steady further development are the decisive conditions and guarantees for the success of this restructuring process. The party and no one else initiated this change, the party elaborated the comprehensive restructuring program, on the party's activity depends the activization of all working people and the people at large. Ensuring the party's leadership role under new conditions at all times is the key issue for the further development. For the CPSU to renounce democratic centralism in the economy, as Mikhail Gorbachev explains, is out of the question. Central management and planning is and remains a decisive advantage of socialism which of course must be combined with as much of an in-house responsibility by the economic units as possible.

If one reads the statements about the development of socialist democracy, it becomes perfectly clear once again how much they contrast with the wishful thinking of bourgeois ideologues and journalists, whose designs all end in the attempt to use the process of broadly

spreading socialist democracy in the Soviet Union and other socialist countries to install at least some basic elements of bourgeois political circumstances. If Mikhail Gorbachev in his book, on the other hand, speaks of socialist democracy, the one question always is: How can it be brought about that all working people, all citizens actively take part in the management, shaping, and control of social development, that they participate with rich ideas in all decisions, in solving all public tasks? The economy here is the most important area for spreading socialist democracy. Man "is our most important reserve, and the most important way to tap it is more democratization. We shall activate that with all the possibilities we have in that we, mainly, reinforce the social objective of our plans. So we must find an optimum measure that fulfills the demand for a harmonious social and economic development." (p 127) This approach makes the fundamental contrast between socialist and bourgeois democracy especially clear.

Thorough treatment is given to a number of complicated problems that have to be coped with for the development of socialist democracy in the Soviet Union. The manifestation of stagnation since the mid-1970's has brought it about that the interest of many working people in taking part actively and with rich ideas in the shaping of the economy and the society has waned. Leveling tendencies, an insufficient linkage between economic and social policies and other factors have greatly contributed to that. Under such conditions one must develop forms of democracy that lead to rapid activization, to surmounting all manifestations of lethargy and bureaucratism.

In answering the question as to the chances of success for the restructuring process, Mikhail Gorbachev points out a crucial fact. The Soviet Union embarked on this path not for reasons of weakness. In the course of its history, especially in the postwar period, it has created a gigantic potential in many fields. Recalled are the international peak positions of Soviet science, the extremely high educational level, and the gigantic material-technical base that was built up. The Soviet Union has enormous natural resources like no other country. So it is not a matter that necessary potentials are lacking, but that they must be applied and used more efficiently. Throughout its 70-year history the Soviet Union has proven many times that it is capable of great achievements under CPSU leadership. What matters then is to tackle great tasks. The objective prerequisites for that are in place.

For a New Approach to International Relations

The second part of the book deals with matters of international development. It testifies conspicuously to the full agreement of views and policies between our parties and states. Therefore we shall refer only to some basic ideas.

One chapter has the title "USSR Restructuring and the Socialist World." The socialist countries, so says Mikhail Gorbachev, have meanwhile gathered many experiences in their collaboration—good ones and less good ones. Despite all problems, however, a world of socialism has evolved that has all it takes to resolve even the most complicated questions and tasks. "This may be stated today: The socialist order is firmly established in a large group of states, the socialist countries' economic potential is growing steadily, their spiritual values are deeply humanistic, and their central spot is taken by man." (p 209)

For the further development of relations among the socialist states there are still large reserves, but also high demands and many new requirements. But the two starting positions are clear. "Above all it is a matter of fashioning the entire system of relations among the socialist countries exclusively on the basis of full independence. That is the joint standpoint of all leading representatives of the fraternal countries. The independence of each party, its right to decide matters of its own country in a sovereign fashion, and the responsibility vis-a-vis its own people—those are irrevocable principles. Equally firmly we are convinced that the community can only have successes if each party and each state cares not only about its own, but also about the common interests, friends and allies are treated with respect, their interests are definitely taken into account, and the experiences of the others receive attention." (p 211)

Much space is given over, of course, to the Soviet Union's peace policy. It is being explained in detail that in the nuclear space age for the first time in history the question of humanity's survival has been placed on the agenda and that under these conditions a new approach to the shaping of international relations has become necessary. One can only either survive together or perish together. That this is not just theoretical insight, but practical policy to the CPSU and the entire socialist community is vividly being illuminated by the author in his book. For that he himself is standing up in his own name and through his highly regarded worldwide efforts.

The Soviet Union and all countries of the socialist community are championing a comprehensive peace program that has found much agreement all over the world and is already bearing practical fruits through the INF treaty. No doubt is left that the joint securing of peace requires a tough and probably protracted struggle against the adherents of arms-buildup and of the confrontation policy. The time since the signing of the INF treaty confirms that sufficiently. The representatives of the military-industrial complex in the United States and other NATO states are far from having abandoned their hope for military supremacy over the Soviet Union and the socialist community.

In this part of his book, Mikhail Gorbachev moves especially two questions into the foreground—the joint home of Europe and the Soviet-U.S. relations. Above

and beyond of what he already knows the reader learns much here about the motives, the considerations of the Soviet leadership in preparing and implementing this policy in practice, which is without reservation being supported by the SED and the GDR.

"Perestroika" constitutes an important political document for the practical struggles of our time. It confirms in its own way that the Marxist-Leninist parties are willing and able to find new and pertinent answers in a new situation profoundly influencing the fate of mankind.

The restructuring that has started in the Soviet Union under CPSU leadership certainly is a difficult task, but the process of coping with it is sustained by the strength and ability of an experienced party and of all the people. It is going to elevate the people's standard of living in the USSR and significantly heighten on the international scale the weight and influence of socialism and the effect of its peace policy.

5885/08309

HUNGARY

French Source on Romanian Refugees in Hungary
29000008a Paris *LE MONDE* in French
27 Apr 88 pp 1, 5

[Article by special correspondent Sylvie Kauffmann]

[Text] Hard times that just keep getting harder, coupled with President Ceausescu's policy of forced assimilation of national minorities, are prompting Romanians of Hungarian descent to flee by the thousands from the border region of Transylvania. They are taking refuge in Hungary, which today acknowledges its status as "mother-country."

"Here's another one!" Looking almost proud, Jozsef Csorba, director of the temporary day-care center-turned-shelter in Debrecen, a city located 30 miles from the Romanian border, steers before him a gawky, blushing adolescent in a blue jogging suit. Istvan B., looking like a kid caught with his hand in the cookie jar, made a decision yesterday which will affect him the rest of his days: without even notifying his parents, he took the plunge during a visit to his grandmother, who lives near the Hungarian-Romanian border, and secretly crossed the border during the night. Today he is in Hungary, and things do not look too bad for him. He already possesses a small, gray-green card, bearing the official stamp, which gives him a semblance of legal identity in the country he considers his second home. It is a temporary residence permit, good for one month and renewable. Istvan and the 62 other residents of the shelter are Romanian citizens of Hungarian extraction, as are 2 million of Transylvania's inhabitants. Many Hungarians consider Transylvania the cradle of Magyar culture, but

the territory was ceded to Romania by successive international treaties. Hungarian Transylvanians like to point out that they are the largest national minority in Europe. Events of the last few months have made them unique in another respect: they are the first group of political refugees from a socialist country to take refuge in another East European country.

Political refugees? The term startles Hungarian officials. "We do not consider them refugees, since we hope these people will return home when the situation is back to normal," remarks Pal Virag, a local official in Debrecen, Hungary's second largest city who was recently thrust into the presidency of the committee to coordinate aid to new arrivals in the region.

For now, "these people" answer to the simple appellation of "foreign nationals seeking to settle temporarily in Hungary." To hear them tell it, however, the "temporary" part is superfluous. "Never!", cries another adolescent at the Debrecen shelter, without a second's hesitation, when asked if he intends to return to Romania some day. He is 17, and crossed the border the day before by wading through the river in water up to his waist. It was a group expedition: "There were seven of us, three girls and four guys. We suspected the Romanian border guards would be less vigilant during the Orthodox Easter season." Captured by Hungarian border guards, they were driven to the neighboring police station and interrogated. "At one point, we thought they were going to send us back. We started to cry."

"No Rights, No Food"

The young man, who, like the others, does not want his name published for fear of reprisals against his family still in Romania, says he made a first attempt "with a buddy" on 14 March. They were returned to Romanian border guards. "They (the Romanians) struck us; we were transported to the command post and were stood with our faces to the wall, blindfolded, for two days. We were hit again." For now, he expects to find work soon in his field—he is an apprentice bricklayer—and thumbs through the job listings tacked to the wall of the day care center where he is put up free for a week, along with his "buddy." The latter says he is 17 also, but looks 14, with his freckled face and large, hungry eyes that take in everything in silence. The administration has also given them a small sum of money to tide them over.

When asked why they left their country, they reply with a sigh and a vague gesture. "In Romania, Hungarians have no rights and no food." A 40 year old engineer from Oradea (Nagyvarad in Hungarian) is more willing to explain: "The flight began 3 years ago, but at that time it was done legally, through official requests. It was slower, less massive. Companies have started to boycott Hungarian executives, to fire them. Last year I requested a passport, and this year I was turned down, like most intellectuals. There has been a noticeable deterioration over the last few months—so I left without papers."

Gray-haired and pale, he left behind his wife and two children, whom he hopes to bring to Hungary some day under family reunification provisions. He talks about ration cards in Romania, "even for bread", and adds: "When you have no economic freedom, you have no control over your fate. It's slavery."

Authorities in Budapest admit that these refugees, whom they do not like to refer to as such, probably now number around ten thousand. "Ten thousand to twelve thousand, fifteen thousand at the most," remarks an opposition intellectual, Gaspar Miklos Tamas, originally from Transylvania himself. He runs independent committees to aid refugees. What is really new is the Hungarian government's decision to act— "Under pressure from the opposition," Mr Tamas emphasizes.

On 10 January, 1988, a para-official organization, the Council of Social Policy Clubs, addressed an indignant letter to the prime minister, Karoly Grosz. It protested the revocation several days before of the residence permits of some Romanians: they were being asked to return home, where, they insisted, they would be shuttled off to detention camps. On 19 January, in a Budapest apartment, several intellectuals presented the foreign press with a "declaration of solidarity with our Romanian friends", signed by 350 Hungarians.

Clandestine Arrivals

On 25 January, Matyas Szuros, Hungarian Party Central Committee secretary in charge of international relations, evoked the fate of Hungarians abroad on Radio Budapest. Describing them as "wounded" in their national identity, he stressed the need for the "mother country" (Hungary) to "intervene with the greatest firmness" in seeing that their rights are respected. Lacking a "refugee policy", the leader adds, and until an "adequate legal framework" is drawn up, "we do not want to take any administrative steps against persons residing temporarily in our country." Translation: Romanian Hungarians must no longer be sent back to their country, even if their papers are not in order in Hungary. This is an unprecedented overture in a socialist country.

The news is spreading in Transylvania. In Hungary, different segments of society are organizing to take in the refugees. In the Calvinist bastion of Debrecen, for instance, a Catholic priest in his forties, Father Mihaly Timar, was the first to spontaneously set up an aid effort, starting 8 February. In his rectory still strewn with piles of clothing donated by Sainte-Anna parishioners, he hurriedly arranges three dormitories, organizes a system for collecting money and provisions, and asks his faithful to publicize job and housing openings. "In two months, we have taken in 620 refugees here," he says, displaying a meticulously kept register of names and emergency donations. "We have been able to persuade 200 people to return to their families before their permits expire" During the past month, he notes, this has become more difficult because three-fourths of the refugees have

arrived illegally. They cannot be sent back. Father Timar has also discerned a worrisome trend, one confirmed by Hungarian leader Zoltan Gal: Romanian authorities have sharply reduced the number of travel permits granted to border zone residents, who, during visits to relatives on the other side of the border as a pretext, stayed on in Hungary.

Eighty percent of the refugees arriving in Debrecen are men, most of them craftsmen or skilled workers, three-quarters of them between 17 and 33 years of age. And all have something in common: "the desire to live and to escape a humiliating situation," says Father Timar. "They are seriously discriminated against over there, all the testimony gives evidence of this. Here, they regain hope; they encourage each other to come."

On 6 March, the Democratic Forum, one of the Hungarian opposition groups, held its third meeting in a Budapest theater. Several renowned reformist intellectuals participated, along with 730 people. The speakers linked the Magyar minority problem in Transylvania to the political crisis in Hungary and asked the Hungarian state to accept responsibility. On 10 March, the Hungarian government created an interministerial committee to oversee the entire refugee question, with the assistance of coordinating committees in the areas most concerned. On 17 March, the National Assembly passed a bill appropriating 300 million forints (35 million francs) to assist arrivals from Transylvania. A bank account was opened for public donations, and the press published all kinds of phone numbers to channel individual initiatives and offers of jobs and housing. Four shelters, including the one in Debrecen, were opened. The advantage of all this: at a time when a rift is growing between the government the Hungarian people, the refugee question provides an opportunity for cooperation.

Discussions With the Soviets

How did the situation get to this point? The problem has been around for a while, and Transylvanian intellectuals have been emigrating to Hungary—legally—for years. Some have even accused Romanian president Nicolae Ceausescu of wanting to rid Transylvania of its Hungarian intelligentsia. But the Hungarian regime, if officials of the Central Committee International Affairs department are to be believed, has recently rethought its view of the national minority problem, prompted by its observation that socialism, contrary to expectations, has not provided a solution. (Footnote 1) (MAGYAR NEMZET, 13 February, 1988.) The press has gradually echoed stances on the Hungarian "mother country", held responsible for all Hungarians, whether living in Yugoslavia, Czechoslovakia, USSR or in Romania. One third of the Magyar population lives outside Hungarian borders.

According to a party official, the question is now raised in bilateral discussions with neighboring countries, and was even discussed in detail, for the first time at this

level, in talks with the Soviet head of state Andrei Gromyko in Budapest at the end of February. Some 170,000 Hungarians live in the Carpathian Ukraine, of whom an average of 600 take up permanent residence each year in Hungary. "Essentially family reunifications," our Budapest sources hasten to emphasize. The Soviets have made things easier for these families the last two or three years.

But there are still many ungranted requests, and the Hungarians have reiterated to Mr Gromyko's delegation their concern that the Hungarian minority's cultural, and especially linguistic, identity be safeguarded.

Although matters of this kind are also discussed on friendly terms with Belgrade and Prague, such is not the case with Romania. Hungarian representatives no longer hesitate to openly criticize Bucharest in international forums (LE MONDE, 21 April), and bilateral exchanges on the question seem completely cut off.

"Avoiding a Break"

"We would like to avoid a break, but the key to the solution is not in our hands," the president of Hungarian interministerial committee and Deputy Interior Minister, Zoltan Gal, told us. "We denounce a certain number of things because it is our duty: the question has become a Hungarian domestic problem. A willingness to cooperate on the Romanian side is almost non-existent today, and it would be a mistake to hope for a speedy solution to the situation."

In concrete terms, this means that, for example, the granting of the 300 or so requests for family reunifications filed by recent arrivals is a long way off. Moreover, the Hungarian Red Cross has not yet even forwarded them to the Romanian Red Cross. Budapest is careful not to encourage massive emigration from Transylvania, which would further "Romanianize" this zone considered culturally Hungarian.

At the end of January, Mr Szuros even made a veiled appeal to the Hungarian minority to resist oppression in Transylvania, offering assurances of "the support of the mother country and other peoples." The USSR, for example? While affirming that Moscow will refrain from intervening in this "embarrassing conflict between brothers", Hungarian officials do not need too much prodding to mention that they feel they have the Kremlin's backing. This is their understanding of a remark made recently by Mikhail Gorbachev in Belgrade: "I would really like to visit a country that did not have problems with nationalities!" A week later, Mr Ceausescu stated that in Romania "the nationality question has been definitively resolved."

In the meantime, despite opposition protests that the resources marshalled are clearly inadequate ("300 million forints will house 17 families," says Mr Tamas), the Hungarian government believes it can deal with the

current situation without calling international organizations to the rescue. (Footnote 2) (Two thousand sixty-one temporary residence permits were issued between 1 January and 9 April, 1988.) However, Mr Gal admits, there is "a frightening element of uncertainty. We don't know that one day we won't have to create refugee camps."

09825

Judiciary, Justice Administration, Rights of Accused Discussed

25000164 Budapest PARTELET in Hungarian
No 3, Mar 1988 pp 67-72

[Unattributed article: "The Situation of the Administration of Justice—A Conversation." Roundtable discussion moderated by MSZMP CC staff member Ferenc Kondorosi]

[Text] The strengthening of legality, the increased role and the functional development of the judiciary are important parts of the endeavor to modernize the political institutional system. For this reason our editorial office, with the participation of representatives of the sciences and practicing professionals chose to review some of the important experiences that concern the situation and functioning of the administration of justice. The participants were judge Margit Borocz, secretary of the party base organization on justice; professor Jozsef Foldvari, head of the criminology department at the Janus Pannonius University of Sciences; judge Katalin Hajnits-Bauer; Attila Racz, chief scientific association at the State, Justice Institute of the Hungarian Academy of Sciences; police colonel Ferenc Szabo, first deputy at the criminal division of the Budapest police headquarters; Katalin Szekely, deputy chairman of the Buda Area Court; and Agnes Szigeti, deputy division head at the Ministry of Justice. CC staff member Ferenc Kondorosi acted as moderator at the request of the editorial board.

[Kondorosi] The term 'administration of justice' means a functioning subject to laws, the enforcement of laws, and the search for truth. The courts established for the performance of these tasks are not 'removed from the real world,' they function within a broad network of relationships, and as an element in the political system, as organs of the state. Their significance is increased by the fact that their decisions and judgments greatly influence the conduct, the thinking and the moral conceptions of citizens. During the past year increased attention was paid to the functioning of the administration of justice. We come across diverse views regarding the standard by which the judiciary fulfills its mission, and by which it is judged as to its capability to keep in step with changes produced by real life. For this reason it is justified that we seek accurate and well-founded answers.

As a starting point the participants stated that a realistic picture concerning the functioning of the administration of justice can be obtained only if one does not disregard the manner in which social conditions take shape, and in conjunction with such changes, the situation concerning public order and public safety. They made reference to the fact that in recent years the number of criminal acts, among them the number of law violations which are particularly dangerous from the standpoint of society, has increased. Many factors contribute to this increase, including major changes in lifestyle which produced unusual situations for many people—situations which are significantly different than their earlier lifestyles—the related loosening of family bonds, and the development of a sense of uncertainty concerning moral values within certain groups of society. The deterioration of living standards noticeable in certain strata also produced similar consequences. But other factors, such as technological development and increasing wealth also play a role. And as a result of the sudden increase in the number of automobiles, for instance, a much larger number of traffic violations are presented to the courts.

[Szabo] And let's add here that nowadays it is much more difficult to explore [the facts with respect to] criminal acts—they have become more complicated. Frequently an individual case is presented on several thousand pages, and it has happened that a suspected thief has victimized 200-300 persons. The gathering and evaluation of evidence takes increasingly more time, and this influences the workplace of both the police and of the courts.

[Szigeti] Not only the volume of criminal cases has increased, but also the number of civil cases. People turn to the courts more frequently seeking to remedy their real or perceived complaints. Several factors play a role in this: a stronger need for the protection of the person, [for example]. On the other hand there is also this: many people lack the necessary tolerance, the inclination to reach agreements. Much work is presented to the courts as a result of the loosening of family bonds, the deterioration of marriages—the latter not only necessitates divorce proceedings but also estate settlements. The average annual civil caseload of our courts is 160,000. Economic processes and changes in the related regulations are expected to further increase that number. It is certain that in the future more proceedings will have to be initiated relative to the liquidation of enterprises, and in each of these cases we may be faced with 600 or 800 creditors. A further increase in caseload may be anticipated as a result of the fact that henceforth it is no longer the establishment of the tax rate that presents a justiciable issue. One can also turn to the courts for the adjudication of the legal basis of the tax rate. It is estimated that this alone will mean 30,000 new cases annually.

[Racz] The caseload that burdens our courts has increased significantly as a result of changes in our economic and social life. There is little hope that the

burden can be reduced; after all it is an important political factor—we could say: it is a measure of the integrity of a country's legal system—to provide avenues for legal enforcement and cure to citizens in matters affecting their person or their rights. The forums for the adjudication of such matters are the courts. This is fine, except for the fact that the personal and material conditions for such work have not kept in step with the workload, and this undoubtedly makes the work of judges more difficult than in earlier days.

[Borocz] In order to receive a considered, circumspect judgment, the knowledge of the situation and of reality is indispensable so far as adjudicative work is concerned. Viewed from this standpoint one cannot disregard the fact that a judge lives his life within a given social environment. Public life and political life are an important part of this environment. I believe that it is a favorable circumstance from the standpoint of adjudication that a number of judges pursue activities in public life—many of us are party members or elected members of councils.

[Szigeti] On occasion, however, the question arises whether the role played by judges in public life conflicts with the principle of the independence of the judiciary. I believe that the political commitment of a judge does not conflict with the requisite that he decide the cases before him in a responsible manner, pursuant to his best judgment. Quite naturally, the political content of legal provisions must guide judges, nevertheless it is a cardinal point that neither they nor the members of the jury may receive direct instructions from any political or state organ concerning the guilt or innocence of the accused, and as to the punishment the accused should receive. The party and the political leadership observes the application of cadre policies in the area of the administration of justice. They are dealing with problems related to selection, training and continued education, but the essence of these endeavors too is the improved ability of judges to cope with requirements that flow from their official duties.

[Borocz] The direction of the judiciary as an organization is possible only if one respects the guaranty of the judiciary's independence. Legal policy guidelines, so-called, play an important role in the influencing of the administration of justice, and in determining the appropriate emphases. In conjunction with the enforcement of legal policy guidelines, area party committees regularly place on the agenda issues pertaining to the conduct of the citizenry and to the situation of crime prevention, and analyze the functioning of the organs which apply the laws. My personal experiences also affirm that there are no party organs which desire to instruct the courts with respect to specific cases. On the other hand, it is the party organs' important task to watch that the principles of legal policy are observed, to enhance the enforcement of legality to the fullest extent by organizing cooperation, and by providing information and education.

Citizen Rights and the Administration of Justice

[Kondorosi] The successful resolution of economic and social conditions for evolution makes it necessary to define the broadening of citizen rights, and guarantees for the enforcement of those rights. How does the administration of justice guarantee legal protection? Is the increasing significance of citizen rights noticeable in this area?

[Foldvari] We may state that in Hungary citizen rights enjoy an increased protection with respect to the administration of justice in both criminal and civil proceedings. Our laws related to criminal procedure provide for the defense of suspected, accused or indicted persons. In this respect the protection of the rights of the innocent are of particular importance. This specialized term means that no person may be considered guilty unless his guilt is established in court. But we must also point out the other side of this thesis: guilt, and on the basis of guilt criminal responsibility can be established only by the courts on the basis of evidence. It is not the suspect who must prove his innocence, instead it is the investigating and prosecuting authority which must establish guilt. Needless to say, the admission of guilt greatly facilitates work, and in given situations it may be considered as an extenuating circumstance.

[Racz] An important guaranty of legality is the exercise of control over state organs. The kinds of issues brought to court by citizens also have significance. Is there legal recourse, for example, regarding decisions made by state organs, and if so, with respect to what kinds of matters? The idea that it would be justified to formulate a method by which decisions of the state would be subject to judicial challenge—the introduction of so-called administrative adjudication—is voiced by many. PARTELET also treated this issue.

[Szekely] Another important factor in according respect to citizen rights is the timeliness of proceedings. The people will never view favorably or with understanding the prolongation of their case for two or three years, as a result of an excessive case load, evidentiary difficulties or other reasons. And one must recognize that there are such prolonged cases.

[Racz] As of recently, as a result of changes in procedural rules the opportunity to accelerate cases has broadened. New rules motivate individual organs—not only the courts, but also the investigative and prosecutorial authorities—to settle their cases more rapidly and at the same time on the basis of improved groundwork. But the legal guarantees of this matter could be strengthened further. In this regard I will mention only one example: in 1976 a decree having the force of law incorporated the International Agreement on Political and Civil Rights. Among other matters, this document states that persons detained or under preliminary arrest have a right to request the courts to review the legality of their detention. We have not yet adopted this prescription within

our domestic system of laws, even though by adopting it, the role of the judiciary in guaranteeing the enforcement of citizen rights would increase.

[Hajmits-Bauer] Ensuring an opportunity to turn to the courts would be indeed an important guaranty of the enforcement of citizen rights. But it would not be beneficial if the courts were to settle all disputed cases. The increasing significance of individual local autonomies, communities of citizens and self-regulating organs, has created favorable conditions for alternative means of dispute resolution at the personal level, and for the enforcement of interests which are protected by legal standards. I envision the evolutionary path in increasing the enforcement of laws and the application of laws by democratically elected autonomies in a non-litigious manner.

[Kondorosi] A broad array of citizen rights is described in our constitution, as well as in several other high level regulations. The expression of opinion is increasingly gaining significance in our social life, thus: the freedom of speech, the freedom of the press, and the freedom to obtain information; and with the invigoration of self-organizing endeavors the importance of the freedom of association has increased. It is essential that these rights become codified assurances based on detailed, modern regulations.

Reliance on Scientific Achievements

Scientific achievements can significantly enhance the administration of justice in a modern society. What roles do the natural and social sciences play in the application of laws?

[Hajmits-Bauer] A number of aspects of the administration of justice utilize knowledge contained in individual sciences. We also use the most recent scientific findings. Today an evidentiary proceedings would be inconceivable without the application of modern scientific and technical knowledge. For example: even in simple traffic cases there is a need for expert traffic engineering and medical knowledge. Also the expert's work became more difficult. In given cases computer programs are needed to reconstruct the causes of accidents. Thus the judge must decide whether the expert is equipped with the means and knowledge which is necessary for the elucidation of a specific case, and the judge must also evaluate the expert opinion itself. Of course, it is also a fact today that courts and experts are short of the necessary means. Strict budgetary limitations on occasion make it difficult to obtain or the replace even the traditional evidentiary means.

[Szabo] Modern technology and the body of scientific knowledge provide irreplaceable help in elucidating criminal acts. The lifting of macro and micro traces, paint, hair and blood samples, and series of particles invisible to the naked eye are needed to provide accurate proof. There is an immense psychological effect if a dog,

in the course of an evidentiary proceeding, on the basis of a smell test repeatedly points to, and picks the suspect from among those presented. The entire nation watched on television the lie detector, the polygraph machine, which also is an important auxiliary means, but I emphasize, it[s results] come into consideration only as indirect evidence.

[Foldvari] Accordingly, a series of proofs is required for someone to be convicted for the commission of a crime. Certainly one remembers the case in which a person charged with murder was given a severe sentence, yet, in the absence of proof was acquitted. This too supports the idea that so-called indirect evidence, well-founded suspicion and the certainty of investigators concerning the guilt of a person is insufficient for conviction.

[Racz] Under this heading we may also state that in certain areas the prevailing scientific and technical knowledge constitutes the law. If a person commits a crime by violating the rules of his profession, e.g. when a physician applies inappropriate surgical procedures or therapy, then his criminal responsibility is founded on the violation of current professional requirements which are expected to be complied with.

The Courts in the Eyes of the Mass Media

The functioning of the administration of justice is a public matter, and therefore it is of interest to the mass media. Participants in this conversation approved of this idea, but brought out the issue that the approach taken by the mass media is not always fortunate. In the recent past, for example, several articles and reports appeared, in which convicted persons demanded judicial remedy and a second trial, and excused their acts for which they were convicted. They did so in a manner contrary to law. This kind of reporting is more likely to create disturbance than to help provide information to public opinion. If for no other reason than this, it is a timely question what the press could do in order to enhance the successful administration of justice.

[Racz] I am certain that they could do far more than to simply present the functioning of the administration of justice. The press provides the best assurance for more effective legal propaganda. A good report will present the circumstances under which an act was committed, and conveys information about the criminal proceeding and the qualification of the act, and thus the citizens get acquainted not only with the laws, but also with the mechanism which applies the laws. This is useful also because people's knowledge of the law is incomplete. Only the narrow legal community, and, of course, a few notorious criminals know exactly the rules contained in the Criminal Code of Laws and rules of criminal proceeding.

[Borocz] I believe that the vindication of a criminal by the press has an extremely adverse impact. Such vindications take place because the journalist is uninformed,

or as a result of misconstrued humanitarian concerns. Public opinion has absolved persons convicted for manslaughter or for other serious crimes, on the basis of half-baked articles which contained legal errors but were properly presented from an emotional standpoint. Of course, such matters do not hinge on the press alone. Many people have prejudices and reflexes, but a responsible journalist should not exploit these emotions merely in order to create an effect.

[Szekely] [In the previous context Katalin Szekely added that] I would find it necessary that newspapers provide detailed reports concerning sentences and the reasoning underlying such sentences. Such reports would have great impact on the development of a sense of justice within society, and in preventing crimes. Also the judges should receive more responsible press coverage. Impersonality is one element of the independence of the judiciary: whenever a citizen enters a courtroom he should be facing a judge of the Hungarian People's Republic, irrespective of whether that judge is male or female. The person entering a courtroom must feel, that the court obviously intends to render a correct decision in the case, one that is based on laws that are in force. But if some newspapers suggest to the citizen that there is trouble if the judge is female, because women are not prepared, have no time, and have a thousand other concerns, then the papers have groundlessly weakened the confidence in the administration of justice. Certainly the journalists and the editors agree that the increased role of openness increases the responsibility of the press also: as a matter of societal control over the administration of justice the press must respect our fundamental interests tied to the preservation and strengthening of legality.

New Requirements and Endeavors

The participants agreed that in conjunction with the way social conditions take shape, the means and methods by which we fight crime also change. The importance of crime prevention is on the increase, and increasing attention is being paid to the reintroduction and adaptation into society of persons who have served their sentences.

[Szigeti] As a result of multi-disciplinary criminological research the methods by which criminal offenders are held accountable have expanded and have become differentiated. In these days it is important that we under-emphasize punishments involving the loss of freedom. We increasingly apply punishments of reinforced corrective and educational labor, the purpose of which is to prompt a change in the lifestyle of those swept to the peripheries of society, as a result of personal circumstances, lack of training, or for having conducted a vagrant lifestyle. Public interest work is also a new

institution. This requires the convicted persons to perform work free of charge once a week, on their days off. In Western Europe persons punished in this manner perform societally valuable and hard-to-resolve tasks: they provide for the maintenance of nurseries and schools, and care for the aged and for individuals left on their own. In Hungary we have not yet succeeded in establishing workforms which would be useful to the immediate social environment, to the affected state organs as well as to the convicts.

[Hajmits-Bauer] I also view the broadening of the opportunity for parole an essential change. Through this system there is now an opportunity which is broader than before, to delay the serving of a sentence. In such cases society convicts the offender, but at the same time expresses the idea that it is confident that the convict will improve his conduct, and if this indeed happens, society will forgive the convict's punishment.

[Szigeti] Other phenomena also exist. With the proliferation of deviant conduct, such as the broadening of harmful habits like narcotics abuse, the administration of justice also must engage itself in participating in a broadly based societal cooperative effort. It will not suffice just to prohibit and to punish such offenses. Along with prevention and information dissemination a network of institutions must be formed which provides forced cure of those who enjoy narcotics.

[Szabo] All this cannot be separated from the modernization of the pursuit of crime. Changes in the structure of criminal acts, the appearance of criminal acts which are particularly dangerous from the standpoint of social order, make the modernization of the pursuit of crime necessary. This is why there came into being an economic police, in the interest of improving the effectiveness of the struggle against corruption and economic crimes. The establishment of the Metro Police strengthens public order in Budapest. As a member of Interpol, Hungary is an active participant in the pursuit of crime having an international dimension.

[Kondorosi] In the present stage of our social development our laws play an otherwise irreplaceable role in the regulation of the state and its citizens, and of relationships between citizens. The creation and enforcement of legal standards is particularly important when the social system of values is in the process of transformation, and when development requires not only the increase of personal accomplishments, but also a higher level of cooperation within society. A well-functioning administration of justice is a political requirement and is seen as a societal need by many. It is our important task to appreciate the value of our administration of justice, and to strengthen its position.

POLAND

POLITYKA Weekly News Roundup *26000291 Warsaw POLITYKA in Polish* *No 16, 16 Apr 88 p 2*

[Excerpts]

National News

Prior to the elections to the councils, the National Election Collegium was formed which is to supervise the elections. At its first meeting, the Collegium decided that the nominations of the candidates for the councils will be accepted 29 April 1988. The chairman of the Collegium is Jan Dobraczynski, writer and chairman of the PRON National Council. The Council of State named the State Elections Commission; Adam Zielinski, lawyer and president of the Chief Administrative Court is its chairman. The PRON National Council adopted an Election Declaration.

A communique on the Polish-Soviet talks between the premiers of the governments of Poland and the Soviet Union in Moscow, Zbigniew Messner and Nikolay Ryzhkov, was published. The head of the Polish government was received by Michal Gorbachev, secretary general of the CPSU Central Committee. During the talks they emphasized the decided, further strengthening of the unity and solidity of the states of the socialist community, the general development of their cooperation, the deepening of the cooperation in the international arena. Both sides agreed that during these 6 months the preparation of a proposal for economic and scientific and technical cooperation for the next 15-20 years will be completed.

This past week government spokesman, Minister J. Urban, held a dialogue with the residents of Warsaw, who in a survey conducted in the street posed questions to the spokesman, instead of his usual press conference with journalists. We found out among other things that the government will soon adopt a broad reform in the health service. It calls for expanding the financial resources for medical treatment: higher expenditures from the state budget, resources from plants, income from payments for some services, for example for diagnostic services, for some particular preventive services, and for some medicines. The question was also posed: how is it possible at a press conference someone spontaneously asks a question, and you read an answer from a card? "That is possible because I and my coworkers anticipate the topics for questions and we prepare ourselves for them. Thus, when a question comes up, one of my coworkers gives me the card with the basic data relating to the subject or the position of the authorities on the given issue. Sometimes I have a text to read and wait for a pretext, in the form of a question, in order to read it. Usually they are only notes at which I am looking and they create the impression that I am reading an

answer. In my opinion this point is to present precisely the authorities' position and not to create the impression that I am some kind of omniscient magician."

The Ombudsman for Citizens' Rights has judged critically the system for distributing telephones and in a letter to the appropriate minister demanded its improvement.

Car imports this year, TRYBUNA LUDU reports, will total nearly 38,000 units, including 26,000 from the socialist countries. We will make our largest purchases in the Soviet Union (more than 7,000, including 5,000 Ladas, near the end of the year perhaps some Samaras, and around 1,000 Zaporozhets, 350 Volgas and 700 UAZ's). We will receive 11,700 vehicles from the GDR including 6,300 Wartburgs and 5,400 Trabants. From Czechoslovakia more than 7,000 Skodas. There will be 12,000 Western cars sold for bony and convertible currency.

RZECZPOSPOLITA (5 April 1988) presents the structure and division of labor of the Radio and Television Committee in its cycle on the central administration. The chairman of this committee is Janusz Roszkowski, his deputies are Wladyslaw Korczak, directory of the Television Group; Jozef Krolikowski, director of the Polish Radio Group; Jerzy Mazurek, production and engineering; Ryszard Dudkiewicz, economics and finance; and two general directors: Anna Rosel-Kicinska and Jerzy Kowalski.

The deputies on the Sejm Commission for Culture voiced their opposition to the amendments to the law on artistic institutions. The Federation of the Trade Unions for Workers in Culture and the Fine Arts wants the amendments; the Federation thinks that in artistic institutions the employees should participate in management through workers' self-managements with full powers to audit and review and that the directors should be named competitively. The law in question excludes artistic institutions from the regulations governing enterprises. "In artistic institutions self-management would deprive the director of the right to shape a theaters style," said Robert Satanowski, head of the Warsaw Great Theater.

After an absence of 32 years, Jerzy Kosinski, an American writer of Polish origin, came to Poland, among other reasons, in order to discuss issues associated with the publication of his novel "The Painted Bird," which once aroused great emotions. Daniel Passent's interview with him was printed in POLITYKA No 22, 1987.

On the Left

Fragments of the Easter Mass at the Moscow Russian Orthodox cathedral were shown for the first time on Soviet television.

The social or cultural contacts between the USSR and Israel have nothing in common with the issue of restoring diplomatic relations, O. Fomin said in a commentary for APN.

The Hungarian government newspaper MAGYAR HIRLAP criticized the practice in Romania of giving the names of cities and villages only in Romanian. For example instead of Nagyvarad, Oradea, instead of Nagybanya, Baia Mare, instead of Temesvar, Timisoara, etc. MAGYAR HIRLAP regrets that in the relations between the two neighboring socialist countries that such a question has even come up and then notes that forced assimilation, against which both the party and the Hungarian government have repeatedly protested, is increasing. The newspaper recalled that in recent months thousands of Romanian citizens of Hungarian nationality have asked permission to reside in Hungary. "We do not believe discussion with Romania is required. We have believed and still believe that in a spirit of common sense and honest relations it will be possible to finally resolve the differences in views and the disputes between the two countries."

The director general of the Lada plant, W. Isakov, commented in a statement for the Hungarian press agency MTI that problems occurring in the suspension of the Lada and Samara vehicles are not caused by technical problems. Critical comments on the Lada and Samara vehicles have appeared in the Hungarian press.

"I Cannot Give Up My Principles" is the title of a article-letter by Nina Andreyeva, chemist and lecturer at the Leningrad polytechnic published in SOVETSKAYA ROSSIYA. The main thoughts of the article: "A total obsession with critical attacks that concern not only the historical individual but the whole of a transitional epoch are associated" with the name Stalin. "The attacks on the state of the dictatorship of the proletariat and the leaders of our country at that time have not just political, ideological, and moral causes but social origins as well." "The supporters of 'left-liberal socialism' tend to falsify the history of socialism. They tell us that the past of the country consists only of mistakes and crimes and pass-over the greatest historical and current achievements in silence." "Difficulties in raising young people are also deepened because the neoliberal and neoslavophil movements are forming informal organizations and associations. Sometimes their leadership comes under the control of extremist elements capable of provocations. Recently these amateur organizations have become politicized on the basis of a far from socialist pluralism."

"Here and there confusion and worry has arisen. The development of democracy, departure from administrative and command methods of direction and management, the promotion of openness, lifting of all types of prohibitions and limitations has become a source of fear. Are we perhaps not undermining the very foundations of socialism? Are we not revising the principles of Marxism-Leninism?" So reads a whole page editorial in

PRAVDA that answers the worries and questions of Nina Andreyeva. A few more fragments from PRAVDA: "Throughout the entire article, fundamentally two basic theses wind their way: why all this perestroika and have we not gone too far with democracy and openness? The article calls on us to make improvements in the perestroika, to correct it, for otherwise the 'authorities' will allegedly have to save socialism.... How then must we 'save' socialism today? Should we maintain autocratic methods and the practice of unthinking execution and muffle initiative? Maintain a system in which bureaucracy, lack of control, corruption, bribery, petit-bourgeois degeneracy flourished? Or should we return to the Leninist principles whose essence is democracy, social justice, economic calculation, recognition of honor, life, and the dignity of the individual? In the face of real, not invented, difficulties and the unsatisfied needs of the nation do we have the right to continue the same approach that was developed in the 1930's and 1940's?... Is it not time to make a scientific, critical analysis of our history, primarily to change the world in which we live and to draw severe lessons for the future? The publication in SOVETSKAYA ROSSIYA in practice takes the first road. The choice of the second is dictated by life which also demanded perestroika...."

13021

Former NSZZ Adviser Evaluates Current Role in Consultative Council

26000305 Warsaw REPORTER in Polish
No 2, Feb 88 pp 6, 7

[Interview with sociopolitical scientist Professor Andrzej Tymowski, by Piotr Gabryel: "I'm Heard Out"]

[Text]

[Question] As vice chairman of the Program-Consultative Council under the Center of Socio-Occupational Activities of the NSZZ Solidarity, you used to advise the leadership of Solidarity. Now, as a member of the Consultative Council under the Council of State, you advise the leadership of the state. Was your advice more productive then or is it now? Who listened to it more attentively and who considered or is considering it more deeply?

[Answer] Honestly, it was only once that I had the impression that as an adviser I was really listened to and heard out—during the August 1980 strike in Szczecin. At that time I had contributed, for example, to including in the agreement a provision referring to the need to figure out the social minimum and the gradation of the process of equalizing family allowances paid to discrete occupational groups. As for the differences between advising the leadership of the state and the leadership of Solidarity, they are indeed considerable—above all because, while I worked with the Program-Consultative Council, I acted together with others rather in the capacity of an expert

on particular questions of interest to the heads of Solidarity, who ordered such expertises from us, and we prepared them. As for the Consultative Council under the Council of State, while it follows predetermined agendas, its members occasionally offer comments on matters not on the agenda and the discussion is quite free. Besides, at the Consultative Council I am able to make my views known personally and observe the reactions of the persons whom I advise and to whom I turn. That also is a new quality compared with my experience during 1980-1981.

[Question] How effective is your advice?

[Answer] This is always hardest to "measure." It seems to me, however, that like the advice of many other realistically minded and rational Solidarity advisers, my advice too has not been respected and has not, at least in the final analysis, been accepted. This can be readily seen by reading for example the text of the interview I had granted to the weekly CZAS on 8 November 1981. In that interview I had declared, "We gained too much in order to risk forfeiting it all by wanting to gain still more. If a lot has been gained, excessive risk should be avoided and there should be no betting on one card.... As an individual, one has the right to risk a great deal, but responsibility for the nation is something else." This suggestion was ignored. This pains me greatly, because I had supported Solidarity with all my heart.

It is much more difficult, on the other hand, if only owing to the absence of that distance of time, to evaluate the effectiveness of the advice I gave to the chairman of the Council of State.

[Question] Professor, you seem to be avoiding an answer.

[Answer] Not at all. What can I say after a mere five meetings?

[Question] When during the second session of the Council you had pointed out to lawyer Wladyslaw Sila-Nowicki that a speech as long as his could not have taken place during the Solidarity Congress at the Gdansk "Oliwia," General Wojciech Jaruzelski commented, "It is not surprising that they put a time limit on speeches but we don't do that, for we are a democratic institution."

[Answer] Gen Jaruzelski had astutely won the verbal duel with me, but as for the merit of the case, a growing number of Council members are wondering whether the duration of speeches should not be restricted. After all, it is physically impossible to endure the entire session, which not infrequently lasts 14 hours. Besides, I persist in the view that, despite everything, democracy means not making lengthy perorations but rather saying everything that one believes to be justified and socially important.

[Question] Has anyone ever tried to restrict the subject matter of comments by members of the Consultative Council during its sessions?

[Answer] No. Never, no one and in no way. In that respect all the promises made to me have been kept.

[Question] When you had first joined the Council you could not have been so certain of that. You had long pondered the offer by Gen Jaruzelski. Why did you ultimately decide to accept it? Have you been linking some special hopes to that institution?

[Answer] I hardly hesitated. I posed only one condition—that my comments be made public. And I was promised that it would be kept. As for special hopes, one of them was of a certainty the awareness that I shall be able to convey my suggestions and thoughts to the country's chief decisionmakers.

[Question] How did your relatives and friend react to the news that you had decided to join the Consultative Council?

[Answer] Understandingly. They acknowledged that I did the right thing. Besides, I had not quit public life after martial law was imposed. During the years 1980-1984, for example, I was a member of the Warsaw People's Council. And since I am accustomed always and everywhere to say what I think, in 1984, during the elections to the new term of office in people's councils, I was asked to be a candidate not from Ochota, where I reside, but from Tarchomin or even Targowek, although the people who had asked me were quite aware that I would not be physically able to commute that far. That is why I had to resign from the council. However, I am a prorector [vice president] of Warsaw University and for years I have remained vice chairman of the Main Board of the Polish Sociological Society and chairman of the Polish Gerontological Society.

[Question] But these are precisely the communities that boycott the Consultative Council and its members.

[Answer] I have never approved of the boycott, because I view it as a totally ineffective solution in our political conditions. Besides, negation through passivity contradicts my philosophy of an activist life, of accomplishing the most that can be done.

[Question] Gen Jaruzelski declared at the inaugural session that the Consultative Council is to the authorities neither a flower in the buttonniere nor a lifebelt. What is it then in reality? Is it just another channel for the flow of information from the bottom to the top?

[Answer] No. Certainly not only that. It is of a certainty an institutional experiment. And certainly it is a forum for an authentic exchange of views as well. But it also is a body whose purpose is not too clear and therefore, as I see it, an interim body.

[Question] Professor Mikolaj Kozakiewicz put it more bluntly. He declared that the Consultative Council is a nebulous creation with undefined functions. Do you agree with this sharp judgment?

[Answer] Very much so. I completely support Prof Kozakiewicz's thesis. I would go even farther and view the appointment of the Consultative Council as less a symptom of democratization of our political relations than a symptom of their liberalization, to follow the distinction employed in TYGODNIK POWSZECHNY by Ernest Skalski. This is because the Consultative Council is not formally a part of our system of society; it still is rather a gesture by the authorities, a body which meets solely at the wish of the chief of state, for one thing. Still, despite all these reservations, it should be borne in mind that the formation of the Council represents an unusually bold initiative, one unprecedented in our system of society. And were its members to include all those who had been asked to join it, the boldness of the premises for forming it would have become even clearer.

[Question] But perhaps the formation of the Council represents yet another attempt to break up the opposition, already divided as it is anyway?

[Answer] No. I perceive it rather as an attempt to provide a platform for official responses by the opposition of His Royal Majesty [reference to the "loyal opposition" in Great Britain]. By this I construe that part of the opposition which attempts to work within the system in order to modify it. It may also be that, from the political point of view, the appointment of the Consultative Council is to offset the deficiencies in the representation of discrete social groups in the Sejm. Still, the appointment of any additional councils of people who "think differently" would not be necessary were they sufficiently represented in the Sejm and in people's councils.

[Question] Professor, I must admit that I am somewhat disappointed by the level of the discussion at the sessions of the Consultative Council and I am inclined in favor of the criticism offered by Colonel Stanislaw Kwiatkowski, who declared, "Certain of the speeches made here seem to me to sermons or newspaper editorials. I get the impression that they are hardly if at all linked to the adopted agenda of the session, that they are repeated at every successive session for the sake of speechifying rather than of practical results.... For the time being there is still too much smoke in that forge (of political culture—P. G.). Sometimes a spark appears, but there is no heat, no working temperature."

[Answer] The entire problem appears to reduce, technically speaking, to setting a limit on the duration of speeches by Council members; for example, they should not be longer than 15 or 20 minutes, and the speakers should focus on items listed on the agenda and only afterward make extraneous remarks and engage in

polemics. Besides, I believe that the Council is not being put to best use. It seems to me that, for example, we should have been asked what we think about the referendum [on price increases] before rather than after it took place. As for the level of discussion, Col Kwiatkowski's assessment is indeed largely right. Someone has once commented that every government has the opposition it deserves. This is a saddening but astute observation. Forty years without an interplay of political forces, without authentic rather than sham discussion, have done their work. Not everyone can be a spellbinding orator—some are tedious and digressive, and the worst thing is that they do not know how to listen. Quite recently during a session of the Council I received a memo from one of its leading members who had earlier provided a nearly hour-long display of oratory. Well now, on the memo I received he had written, "I sure gabbed a lot!" This precisely is the kind of approach I fear most—namely, certain people are more prone to speechifying and imposing their views on others than to listen to others and learn from them.

The Council was established in an atmosphere of sensationalism and considerable interest, both in this country and abroad. To be sure, not all the Council's members and not always received equal treatment. But naturally that interest may weaken, because, as written in the Scriptures, "By their fruit I shall know them."

[Question] What do you think of the idea of establishing the Senate? Recently rumors began to fly about this, although certainly there is little truth to them.

[Answer] Sure, that would be a solution, a step forward. For example, the Socio-Economic Council under the Sejm or the Consultative Council under the Chairman of the Council of State could be the basis for eventually forming such a higher chamber of our parliament.

[Question] But should the members of the Senate be appointed rather than elected?

[Answer] Yes, let us say one-fourth or even one-third could be appointed by the head of state. The remainder would be representatives nominated by socio-political, occupational, professional, and cultural organizations. In this place let me remind you of the Constitution of April 1935 according to which one-third of the senators were to be appointed. Now a more general remark: 3 weeks prior to the imposition of martial law the chair you are sitting on was occupied by a young man who urged me to fight, claiming resolutely that the danger of folding the cards prematurely existed. In other words, to put it in a nutshell, he accused me of being a minimalist. That may be so. But try to understand the wherefore of my alleged minimalism, which I consider to be common sense. Well, the Warsaw Uprising [of 1944] was largely started by the generation deriving from Pilsudski's Legions, a generation to which it had seemed that since once before, in 1918, it had won the poker bluff, it could resort to it ever after. But my generation, so severely

tested by the Uprising, learned something totally different; it learned that politics is not a game of chance and that bluffing can be resorted to only when one is certain that one does not have to show one's cards.

[Question] At the inaugural session of the Consultative Council you had declared, "I don't believe in the need for the so-called consensus and in its positive effects. I believe in the need to create—and I feel that the purpose is to create—conditions in which society will be in fact granted increasingly broader and greater powers and will be able to genuinely decide on an increasingly greater number of matters."

[Answer] And at the fourth session I added, paraphrasing Seneca, "'Tis a boundless kingdom—the power with a smaller kingdom to be content" [immane regnum est posse sine regno pati = "'Tis a boundless kingdom—the power without kingdom to be content," from "Thyestes," a tragedy in which Atreus deceives his brother Thyestes by offering to share the kingdom with him and thereupon exacts a gruesome revenge on him. A strange source, apparently cited with a sardonic intent if Atreus is to be identified with the regime and Thyestes with the Polish people.]

[Question] In view of this are you inclined to acknowledge the changes initiated last year—such as the restructuring of the central authorities, the appointment of the Citizens' Rights Spokesman, the appearance of the privately published periodical RES PUBLICA, the referendum with its surprising (to some people) results, the recently announced draft of new regulations governing the elections to people's councils, and the solutions of the second stage of the economic reform—as successive manifestations of a thorough democratization of our state and growing importance attached to the primacy of the society?

[Answer] One can dawdle in the right direction and never reach the destination. That is why I believe that, for example, the approval of the publication of the monthly RES PUBLICA is not a change in quality; at most, it is yet another goodwill gesture. The questions asked during the referendum were, to put it mildly, improperly worded. As for the reform of the regulations governing the elections to people's councils, at the pace it is proceeding we can expect it to end in half a century. And that pace is that of a snail, imperceptible to the man in the street; we cannot thus accomplish what everyone is concerned about—we shall not release authentic civic activism; we shall not rescue people from stagnation. That is why I liked very much the position paper by Professor Jan Szczepanski, "From Diagnoses to Deeds," presented at the forum of the Consultative Council. In that paper Prof Szczepanski reached the only sane conclusion: there can be no thorough reform of our state without a thorough reform of the PZPR.

During the fourth session I put this even more unequivocally, declaring that, "So far, following each crisis, it was claimed that 'the party's role should be strengthened and deepened.'" My position is different: the party's role should be confined to fundamental matters, and it should withdraw from many other affairs and explicitly transfer responsibility for them to appropriate social or administrative bodies, of course meaning credible bodies and not those imposed from "the top." And Professor Jan Baszkiewicz, also a member of the Consultative Council, recently stated in public that by now we should be mature enough [to allow] free [competitive] elections of 40 to 50 percent of Sejm deputies and members of people's councils. As for the "control package" of 50 to 60 percent of seats in the Sejm and in the people's councils, that should be guaranteed by, e.g., a national electoral slate in elections to the Sejm and voivodship slates in elections to people's councils.

[Question] Professor, what do you think about the [proposals for] the appointment of citizens' conventions under the chairmen of 11 voivodship people's councils, conventions patterned on your Consultative Council?

[Answer] The flood of the most varied consultative bodies with which we have been dealing for the last few years is devaluing their importance. By appointing them the authorities expect, first, to enhance their own credibility and, second, to fill the social-representation gap in representative bodies, and, third—I hope—to learn some new interesting details about the society which they are ruling and the mistakes they are making. I can understand all this. But I fear that it seems to the authorities that such bodies bear a share of the responsibility for the decisions taken by the authorities. But that is only a pious wish. My comments apply equally to the citizens' conventions under the chairmen of voivodship people's councils.

[Question] Recently much has been said at the Consultative Council about "socialist pluralism." How do you construe it? To what extent is it reflected in the establishment of the Council itself, and to what extent is the Council to contribute to strengthening it?

[Answer] I am of the opinion that, just as there is no "capitalist pluralism," there is no "socialist pluralism." I know only one definition of pluralism. This applies equally to the economy. There are no two different sciences of mathematics, and hence there can be no two different economies. Whatever adjective we append to it, the important thing to the survival or growth of an economy is simply efficient management. As for doctrinaire approaches, these should be discarded as far away as possible.

[Question] The sense of any activity reduces to the results it produces. At the first session of the Council, while discussing the motives prompting you to join it, you had stated, "To me, the purpose of this Council is not dialogue with the society, because I can do it and am

doing it outside the Council, with greater success at that. I view this Council as a way of reaching understanding with the main decisionmakers and conveying to them the information which I feel they should have so that they could infer proper conclusions from it." Now that the Council has been active for almost a year, can you tell me whether you have been successful in this goal? What have you accomplished by sitting in the Council?

[Answer] I have been successful in minor and more mundane matters, so far as the lag in university professorial appointments is concerned. Likewise, following my speech on the dramatic situation of the Polish prison system, the minister of justice invited me for a talk and apparently took to heart the proposals I made. Apart from this, there is hardly anything else.... I do speak in the presence of the chairman of the Council of State and I am being heard out. Can an adviser expect something more?

[Question] Naturally. You said it yourself a moment ago. He may expect that what he says will be pondered, taken into consideration, translated into reality.

[Answer] But that is the optimum. And I bear in mind the cards I already hold in my hand and not the cards which I may just possibly receive from my partner after anteing up my bid.

[Question] Thank you for the interview.

1386

Use of Military Rhetoric in Politics Defended

26000213b Warsaw ZOLNIERZ WOLNOSCI in Polish
2 Mar 88 p 5

[Article by (ZL): "In Other Columns—'Academic Proceedings of the WAP'"]

[Text] In the latest and 133rd issue of ZESZYTY NAUKOWE WAP [Academic Proceedings of the Military Political Academy], there were many articles on sociology. Our attention was especially drawn to an interesting article by Włodzimierz Serek, "Life Goals of Young Inductees" which was written on the basis of the WAP [Military Political Academy] Social Research Institute's 1983 studies on the state of youth awareness. It is worth taking a closer look at the author's penetrating observations because he overthrows many stereotypes and popular notions. Among other things, he states: "From comparing the results of studies of youth conducted at the end of the 1960's and at the beginning of the 1970's, we feel we must say that with regard to their sense of life and how they set their life's goals and tasks, young people of the 1980's do not differ substantially from those of 10 or 15 years ago".

All of us and not only military specialists took interest in Kazimierz Burakowski's reflections on military language. "This is a very imprecise term," he states,

"because it is not a variant of Polish used only in the army and only by military persons". It turns out to be the case that the military vocabulary is very often used in the language of propaganda and politics. However, the author does not believe that our expressions are simply copied and taken over. "It seems that the propagandist, agitator and politician should gradually distance himself from military language. However, totally giving up this terminology and especially military metaphors does not mean renouncing the language of struggle, strategy and tactics. Words that are mobilizing by nature and simply reflect the dialectics of struggle cannot be avoided (and not only in propaganda)". The title of the article is "Language in the Military and Military Language".

Whoever is interested in party activities and social sciences and finds a place for them in the renewal of our country's social and political life, absolutely must become familiar with the publications of Stanislaw Jozef Sokolowski. He must read them and use them in his everyday activity. The author's statements on the methodology of party activity are especially useful to party activists, primary party organization secretaries and party committee secretaries.

Writing about the party's influence on political and national awareness, the professor stresses the influence of tradition: "Namely, it is a matter of, first, critically reevaluating that influence and giving preference to the real and essentially progressive values of national culture and their effect on society's political awareness and especially those mainstreams of culture that are strongly humanistic and therefore also prosocialist and second, giving the concept of progress the sort of interpretation that will not impoverish the national theme in the history of culture..."

It is therefore worth obtaining a copy of the latest issue of ZESZYTY NAUKOWE because it contains much material that compels one to think and reflect.

12261

Changes in Bond Issues for Enterprise Financing Considered

26000315c Warsaw RZECZPOSPOLITA in Polish
18 Mar 88 pp 1, 2

[Article by (MU): "At the Legislative Council: Draft Decree on Bond Issues"]

[Text] (Own information) (C.) Bond issues are an excellent way of gaining funds for plant expansion. And to purchasers they represent a good investment paying a suitable annual interest. In Poland, such bonds may also represent an obligation to sell to their buyers attractive merchandise or grant them priority of access to equally attractive services provided by the bond-issuing company. For the time being, however, the right to issue and purchase such bonds belongs exclusively to enterprises of the socialized sector.

The Ministry of Finance has already prepared a draft decree on bond issues which may change this unfavorable situation. The draft provides for liberalizing the right to issue bonds and extending the right to purchase them to all persons and legal entities. It also specifies that under certain circumstances the bond-issuing company can pledge itself to sell goods and services to bond owners, which undoubtedly will make its offer more attractive.

On 24 March the draft was considered by the Legislative Council's Task Force on Civil and Agricultural Law and Economic Transactions. The Task Force approved the basic idea of the draft and the principal solutions it offers. During the discussion, however, the draft was criticized for omitting to provide for ways of monitoring the identity of bond-issuers and the amounts in which the bonds are issued as well as the extent to which the bonds are underwritten by an enterprise's assets. In a situation in which access to knowledge about the financial status of discrete companies is limited, such monitoring is indispensable to an effective protection of potential bond purchasers.

The comments and opinions of the Task Force will be transmitted to the authors of the draft and utilized in the course of further legislative work.

1386

OPZZ Leadership on Motivational Role of Earnings

26000315b Warsaw TRYBUNA LUDU in Polish
18 Mar 88 p 3

[Article by Teresa Grabczynska: "Wages Should Be an Incentive, Not Compensation Payments"]

[Text] Analysis of personal incomes and the cost of living last year and of the level of the social minimum, as based on figures provided by the OPZZ [National Trade Union Alliance] Analytic-Survey Center, was a major topic of last Thursday's discussion at the OPZZ Executive Committee, chaired by Alfred Miodowicz.

Without going into columns of figures and indicators, the resulting calculations point above all to the following conclusions and observations: In 1987 incomes, expenditures, and disposable cash reserves all were higher than planned. The point, however, it was stated, is that incomes in the nonsocialized non-agricultural sector are rising at a faster rate than in state-owned companies. Similarly, the fact that the growth rate of the incomes of the employees of socialized plants and farmers has been lagging behind the inflation rate does not inspire optimism.

The unionists also pointed out that the rise in the prices of goods and services and the consequences of the price increases in 1986 caused the cost of living to increase by 25-27 percent, thus resulting in a 3.9 percent decline in real wages (in the socialized sector).

The most characteristic figures on the monthly social minimum yielded by the OPZZ study show that for 2-member working family households it averages more than 27,200 zlotys; for 4-member households, 52,400 zlotys; and for 2-member pensioner families, 22,400 zlotys.

The next speaker, Wacław Martyniak, while describing the course and scope of the talks held by the combined trade union-government team, reminded the Committee of both those unionist postulates which have already been successfully accomplished and those which still elicit disputes and controversy.

The former group of postulates includes, e.g., the 6,000 compensation payment for price increases, made to every working person, the crediting of that payment on top of minimum wage, making other allowances—such as the maternity and child-rearing allowances disbursed from the alimentation fund—more tangible, and increasing supplementary pay for some annuitants and pensioners.

This list is quite long. However, the principles for taxing the wage fund still remain an open and criticized issue; the unionists' reservations concern both the ceiling rate and personal taxation. They do not think either that the problem of family allowances has been resolved as it should. It was stated that these issues as well as many other issues should be renegotiated during the next round of unionist-government talks after the first half of the year is over.

But the unionists are not going to wait until then. Already during last Thursday's discussion they voiced their anxiety over possible delays in the disbursement of compensation payments at plants and factories and the ways of crediting these payments to basic wage. They also proposed changes in the system of family allowances, demanded the imposition of controls on the soaring contract prices, and pointed to the drastic decline in access to books and periodicals and the social consequences of the rising housing rents.

It was stressed that in these conditions unionists have to be concerned over the ongoing decline in the incentive role of wages, which are increasingly broadly perceived as merely compensation for the higher prices and rising cost of living.

"All this," A. Miodowicz pointed out, "requires cooperation in taking decisions and that is why a joint unionist-government debate on the nature and principles of mutual cooperation is indispensable. That cooperation

has been pledged by the new Deputy Minister of Labor and Social Policy, Jerzy Szreter, who also offered specific proposals for promoting it."

The remainder of the discussion dealt with current matters, including the steps being taken by the OPZZ concerning the draft amendments to the Labor Law Code.

1386

Soviet Computer Market, Polish Export Practices, Potential Analyzed

26000317 Warsaw PRZEGLAD TYGODNIOWY in Polish No 16, 17 April 88 p 3

[Article by Piotr Aleksandrowicz: "In Midstride"; subtitled "Metronex Has Reached Sakhalin, Siberia, and the Transcaucasus, but the Soviet Market Is Still Waiting To Be Discovered"]

[Text] It took more than a year to establish the joint-stock company, longer than the partners wanted but shorter than expected. Any week now the appropriate document will be presented to a notary public in Warsaw. It may be that Polsib—the joint venture of Polish electronics industry enterprises and the Siberian Affiliate of the USSR Academy of Sciences—will begin next year the production of, among other things, a 32-bit microcomputer. Of a certainty it will handle mini- and microcomputer systems, software, and marketing.

Vadim Kotov of Akademgorodok in Novosibirsk was mentioned by name by Mikhail Gorbachev at the Kom-somol Congress. It was under this direction that a team of young computer scientists and designers developed the first Soviet 32-bit computer.

He said, "Three things are needed for success: will, knowledge, and resources. We have the will, and the knowledge too, but we lack the resources."

Polsib is to contribute to lowering this barrier. The Russians will provide electronic components for the central processing units while the Poles will offer peripheral equipment, including monitors, plotters, and printers. Both partners have decent software at their disposal.

Polsib will probably be the second joint Soviet-Polish enterprise. As late as one and one-half years ago more had been predicted. Now of the five or six such enterprises only one, the Miraculum in Krakow, has survived on the field of battle. Formal, legal, and mental barriers proved to be higher than had been expected when the high-level declarations were made.

The birth of Polsib would not have been possible had not it been for the, so to speak, personal persistence of Kotov and Yeliner of the Academy of Sciences and Konstanty Zdanski, head of the trade and technology branch of Metronex in Moscow. For some dozen of years now

Metronex has been selling Polish computer systems to Siberia—to the polytechnic in Novosibirsk and the Akademgorodok affiliate of the Academy of Sciences.

The hirsute Yeliner joked, "Novosibirsk was the world's greatest computational center to use the Odra 1304 [computer]," and the rector of the local polytechnic Georgiy Lishchinskiy immediately found the time to receive "our friend Konstanty."

The new decree on enterprises has been binding in the USSR since 1 January 1988. Several dozen organizations—enterprise associations and combines — have received permits for engaging in foreign trade on their own. But for many years still it is personal contacts and friendships that will be decisive to overcoming (or not overcoming) bureaucratic barriers whose existence remains a fact.

Five years ago Metronex resolved—not too formally, it is claimed—to establish a trade and technology branch in Moscow. To this day some Warsaw officials think that this independent branch is unnecessary and a mission would suffice.

"But a mission is merely a maildrop, whereas we have to be close to the customer, respond to his needs, provide prompt servicing, and explore new contacts on the spot," said Konstanty Zdanski, and he enumerated the service outlets of Metronex in Moscow, Leningrad, Kiev, Dubna, Novosibirsk, and Minsk. Altogether, Metronex employs more than 120 people in the USSR, but since 1983 its sales of computers to the USSR have doubled. This year it is to ship 350 million rubles of computer hardware to the USSR. Metronex is a special part of Polish trade with the USSR and it has proved its advantages and suitability.

As for the Soviet side, there the perestroika of the economy is progressing more slowly than is desired by its supporters.

Novosibirsk is the site of the editorial offices of the monthly EKO, whose editor-in-chief for years used to be Abel Aganbegyan, now one of the closest advisers to Gorbachev.

Aleksandr Leontiyev, the monthly's editorial secretary, claimed that already at the beginning of the 1970s, from the moment of its establishment, EKO had proposed the same reform program as that being nowadays introduced 15 years later. It remains a fact, however, that in the world's opinion it was precisely in the mid-1980s that that monthly blazed the trail for the changes. Leontiyev sighs, "Nowadays we must restructure [perestroit'sya] ourselves as well — we sell our periodical entirely by subscription and this year its sales... fell. ZNAMITYA, NOVYY MIR, and such weeklies as OGONYOK (OGONEK) and MOSKOVSKIYE NOVOSTI [Moscow News] have outstripped in popularity the formerly leading periodicals."

The founders of Polsib have plenty to tell about bureaucracy, but theirs is only one of many experiences. Somewhat more detail on the subject of impediments to perestroika is given in the latest issue of EKO, provided courtesy of Secretary Leontiyev. It includes an article discussing a poll of members of the club of directors attached to that monthly. More than 80 percent of the respondents claimed that there has been no decrease in the number of indicators assigned from the top to the enterprises. Nearly everyone thought that the detailed oversight exercised by various kinds of institutions has declined only insignificantly. One more thing—one question which some respondents decided not to answer: "What are your relations with the party echelons?"

The mentor of the club of directors Vladimir Ryechin said that the latest decree on enterprises has not resolved many problems. Already during the experiments preceding its promulgation, in various enterprises and republics, it was observable that though everyone was for perestroika the changes were few.

The operating procedures were described in an interview granted to OGONYOK by the director of a factory in Ivanov, Vladimir Kabaizde. As part of enterprise self-financing, the indicators imposed from the top specified that the factory could retain only 31 percent of its profits, compared with nearly 50 percent in the past. Furthermore, the factory had to continue the construction of a production department that is as unnecessary as it is huge, because it was ordered by its superiors. Output assignments were supplanted with mandatory government orders. In the GDR such orders account for 15-20 percent of output, whereas Kabaizde received a government order for 85 percent of output as well as for a dozen or so products which either were not in the plan or were not at all being manufactured by that factory! Everyone wants to give orders, Kabaizde said, and no one wants to relinquish power, the privilege of decisionmaking.

"That's a very good interview," the EKO secretary said to encourage me to read it.

All three, Kotov, Yeliner, and Zdanski, are complaining about a central government agency, and their recounting of their experiences with it is not fit to print.

Altogether, the administrative machinery in the economy, including auxiliary personnel ranging from typists to engineers, is estimated to employ 18 million people in the USSR as a whole. In a March issue of the weekly ARGUMENTY I FAKTY the number of outside administrators of enterprises was reckoned at roughly 2 million. This includes a million of employees of the Union [federal] and republic ministries and departments as well as of their regional, oblast, city, etc., etc., branches. An additional 600,000 are employed in trusts, associations, and other intermediate federal and republic agencies. Their number has decreased slightly in the last 2 years.

"There may be somewhat fewer officials, but their productivity has risen," Abel Aganbegyan commented sarcastically on the continuing avalanche of paperwork descending on the enterprises.

Even so, locally much is beginning to be astir. The Kamaz Factory is beginning to manufacture computers. A Soviet-American joint venture has been established. The Americans will buy trucks and send computer parts. A factory in Lvov, according to MOSKOVSKIYE NOVOSTI, was the first ever in the USSR to issue shares in it to its workforce. In Moscow, fee-charging hospitals already are in operation. And everyone is awaiting the decree on cooperatives which will finally formalize what is already happening for the last 2 years — an elemental growth of worker teams operating on their own.

One of these fields is the development of computer software.

"The best programmers could make 1,000 or even 2,000 rubles," said Kotov, who, although in his heart and soul he is in favor of perestroika, does not know whether that is how it should be.

For the time being he is struggling with the perestroika of himself and his associates. He swears at trade unions which protest because he wants to allot housing to capable young associates rather than for social reasons to low-wage earners or large families.

Another gripe of Kotov is the need to discharge the least effective employees. In the end he calculated that he would have to get rid of 10 people. "But we did it humanely. They have a year to find other jobs," he said, spreading his hands helplessly. "I don't have the soul of a capitalist."

Yet the tasks facing Soviet computer scientists, designers, and electronics producers are colossal.

Russians worship scientific and technical progress. And they perceive the key to it to lie not just in new technologies but also, and perhaps primarily, in computer technology.

Nikolay Yershov, the cyberneticist and computer expert and designer who is universally recognized as perhaps the most eminent authority in his field, comes from Novosibirsk. In an article published in KOMMUNIST last February he discussed the significance of the "infosphere" in a country the size of the Soviet Union: 2-3 billion applied microprocessors [as published, unless by "significance" the author means the potential], half a billion telephones [as published], 300-400 million personal computers [as published], hundreds of thousands of minicomputers. Even now, Yershov observes, in the United States there are a billion microprocessors, 50 million personal computers, and 200 million telephones. In 25-30 years the first society to live in the infosphere will be a fact.

The Soviet Union has the opportunity for becoming completely "computerized" in the 2030s or 2040s, next century. But Yershov views the problem more broadly. He believes that accomplishing this vision depends not only and not primarily on the solution of technical and manufacturing problems. He also specifies the following conditions: affording a field for universal personal initiative, the "information democratization" of the society, and equal rights of access to information. "Information sclerosis" underlies the causes of erroneous decisions and suppresses and hobbles creative activity.

The day-by-day life of Soviet computer science and technology is distant from Yershov's vision.

One expert said, "Successful designs are being developed at various institutes, in Leningrad, Yerevan, Moscow, but their application to mass production encounters problems."

Information on the Soviet market is relatively inaccessible. It is known for example that the Soviets are manufacturing 8- and 16-bit microcomputers but in moderate quantities. On the black market and in on-consignment sales a complete PC XT system allegedly costs 10,000-15,000 rubles, which would point to a huge demand, and a diskette costs 10-12 rubles. Let the interested reader convert the cost from rubles to zlotys, and from zlotys to dollars, and then he will see that the opportunities for doing business are there.

Perestroika in the USSR means new opportunities for Polish foreign trade. The process of the opening-up of the Soviet economy and decentralization of powers appears inevitable. Vadim Kotov thinks that the perestroika would last for several years were it not for the obstacles. And the obstacles do exist. He says picturesquely, "Perestroika in the economy is linked to democracy. Elections to committees and managerial posts should be considered. The first time, people will elect 5 percent of those who genuinely desire perestroika; the second time, 20 percent; and the third or fourth time, 90 percent."

Although perestroika may take as long as 10 and more years, even now the fate of [Poland's] presence on that market is in the balance. For the time being it is the Bulgarians who exploit most the possibilities and opportunities. Bulgaria's exports of computer hardware are breaking all records: 4 billion rubles during 1981-1985; 7 billion during 1986-1990; and 22 billion planned for the next 5-year plan period. A CEMA employee in Moscow said admiringly, "Bulgaria, availing itself of foreign technologies, built several large electronics factories, chiefly with thought of the Soviet Union. Electronics there is becoming the national industry."

Not everyone in Poland realizes the potential of the USSR to Polish industry. This means the Zabrze factory worker or transport employee who placed a handful of screws in the cardboard box which was to house a monitor, and this also means the freight forwarder in Warsaw who forgot to include documentation and peripheral hardware. This means likewise, and unfortunately, certain managers of Polish factories who at times seem to underestimate the Soviet partner. Yet, USSR importers not only insist on world standards and quality but also by now are perfectly aware of the identities of those Polish suppliers who try to unload their merchandise at inflated prices. In 1986 "price corrections" cost our computer makers 21 million rubles. These exports remain profitable, but it is very well known that some of the hardware produced by Polish state-owned factories is even now more expensive than the parts assembled from Western components by Polish private companies, even when reckoning the dollar in terms of its black market rate of exchange. The Russians too are aware of this and sooner or later they will either discontinue their orders or demand the introduction of a proper organization of labor and cost-cutting measures in Polish industry.

The Soviet market is extremely capacious. Last year, the Bauman Institute in Moscow alone had purchased 125 Mazovias. This year 1,500 are to be shipped. Each Mazovia consists of a CPU, two disk drives, a Winchester disk, a printer, and a monitor, and costs 30,000 rubles. This is a valid price. Metronex also intends to sell 40,000 printers and 15,000 monitors as well as power units and Mera computer systems. But there is no avoiding the impression that many times more could be shipped.

Our share of computer hardware sales on the CEMA market is barely 10 percent — a level at which it has remained for many years despite the existence of a Polish domestic microcomputer market that is unique in the socialist camp. Sales tenders by Polish private companies include the most up-to-date computer hardware within a year and sometimes within several months following its introduction in the West. Increasingly often, too, private computer makers and importers look toward the East in measure with the growing saturation of the domestic market. Metronex intends to help them penetrate the Soviet market.

In the Moscow office of Director Zdanski a map adorned with red triangles hangs on one wall. Over 20 years Metronex has sold 2 billion rubles of computer hardware. Polish computers operate even on Sakhalin, on Kamchatka, in the Transcaucasus, and in the little town of Chernyshevskiy in the central, permafrost region of Siberia. But the blank space of the map is many times larger than that covered by the red flags.

Food Products Exporter on Banking, Related Reform Efforts

26000300a Warsaw *POLITYKA-EKSPORT-IMPORT*
in Polish No 8, Apr 88 p 20

[Interview with Zbigniew Hryniewicz, director, "Interpegro," by Andrzej Mozolowicz: "He Has a Head for Business—And It Sits Firmly on His Shoulders"]

[Text]

[Question] Mr. Director, so you are alive after all....

[Answer] What? Would you like to see me in a coffin?

[Question] God forbid, but I remember how half a year ago your head had been demanded and one high official wished you publicly a heart attack, if 'PRZEGLAD TYGODNIOWY' is to be believed. I myself expressed my apprehensions in the article, "A Company on the Firing Line," which has never been published through no fault of my own. And yet you are blooming like a rose, and so does the "Interpegro," while the critics have grown silent. What happened?

[Answer] It is simply that the system has changed. People are badmouthing the reform, but not me! What used to be sinful is now virtuous. We used to be tarred and feathered, so to speak, because the Company has been violating rules of subsector specialization, because somehow we began to include among our partners not just farmers but also a bank and jobbers and our own tourist agency, because we were violating our own statute by dealing in any business that brings us profits—but now these are precisely the official principles of the reform! As for the silence of the critics, that is not true. Do you read TRYBUNA LUDU?

[Question] Regularly. You mean the article "Who is the Custodian of 'Interpegro'"? It is indeed a highly critical article. And yet, while your company was blasted for importing refrigerators for farms in Koszalin Voivodship, two months later the same TRYBUNA headlined on its first page an article ("With Pomeranian Strawberries to Western Markets," TRYBUNA LUDU, No 50, 1988) praising the same transaction to the skies—except that its author did not even once mention that it was precisely a deal made by "Interpegro." Can then the matter be viewed seriously? [Answer] It should not be. But I fear that to some people this attack is very welcome.

[Question] You mean those who accused you at one time of violating regulations. But tell me the truth, between us: did you or did not you violate them?

[Answer] We have never violated them, although many of these regulations greatly complicated life for us. But now these regulations are gone! We have been formally provided with genuine conditions for doing business and

participating in international trade. The senseless subsector barriers have been abolished, the franchising terms have been revised, a floating rate and increasingly realistic rate of exchange—though in my opinion still a bit too low—has been introduced, and the current flow of ordinances from the Ministry of Foreign Economic Cooperation is broadening and strengthening the reform process. Thanks to this, a growing number of enterprises engages in business transactions, and competition is finally beginning.

[Question] Some people have been spreading the scare that, when many of our producers export the same commodities, competition among themselves will cause them to lower prices; hence that continual hassle of price agreements among central trading offices with continual interventions by ministers, all that red tape which prevented concluding dozens of profitable contracts.

[Answer] But it is very good when exporters compete with each other, in price too! This can—must, even—result in reducing our production cost and overhead, that being the linchpin of the entire worldwide foreign trade. Besides, what am I saying? "Foreign" trade? There are no two separate kinds of trade, foreign and domestic; there is only one trade! Cabbage is sold in the same way in Opole as in Copenhagen. Until we infer all the consequences of this axiom, we shall remain provincial. To me a store in Bratislava is just as good as one in Poznan. In fact, "Interpegro" already operates 30 stores, of which nine in Czechoslovakia itself. We are opening stores in Lithuania and Belorussia, and a store will also be opened in Warsaw, on Stalingradzka Street, probably as soon as on 1 May.

[Question] Do you think that by now the new spirit is pervading everything as it should?

[Answer] That would be too good to be true. From time to time we are still notified of decisions taken in the old style, and the authorities intervene directly into our purchases in Payments Area 1 ["socialist countries"] whenever somebody over there miscalculates or miscoordinates something. And yet, commerce depends not on balance sheet calculations but on the market, on that world market which somehow refuses to listen to our balance sheet calculations. That love of balance sheets has more than once hindered our business deals owing to bureaucratic prohibitions. Thus the authorities still continue to engage in doing what under the reform they should not be doing anymore — direct supervision and control. I also wish I would live long enough to witness a time when law will always be what it should: a regulator of relations among people and legal entities. In this country institutions too often treat law as a flexible instrument serving to protect their own interests. But overall, things are rapidly getting better.

[Question] In your opinion where should the progress be speeded up still more?

[Answer] The banking reform! After all, ours are not real banks. What do I get from letting them keep my money? Not a penny! I only lose, while the bank charges me various fees. I keep my money away from the bank and search for ways of placing it so as to protect it against devaluation. The individual depositor is paid interest by the bank, at a rate that is getting higher, whereas the enterprise gets no interest. None at all! The bank even acts as if it were doing you a favor.... Recently, for example, one bank not only made exaggerated demands on us but even talked so arrogantly with me as to make me feel like a petitioner. And yet, "Interpegro" wanted to deposit US\$6 million with that bank. Once there is a large number of banks, including local banks and bank branches, to choose from—as President Baka [president of the National Bank of Poland] is promising us—we shall take our money away from that bank and deposit it somewhere else. Once it loses one-half of its customers, it will begin to operate differently.

Where else would I like progress to speed up? In the long-promised unification of regulations governing retained foreign exchange, for all. At present some may retain 5 percent, others 12, and others still 20, and no one can be certain that the regulations will not be changed the next day.... In such circumstances, how can we plan our foreign-exchange income?

[Question] How did you come here, and what were the origins of "Interpegro" itself?

[Answer] It began with my leaving "Hortex" [an agency for exporting vegetables and fruits]....

[Question] Of your own will?

[Answer] Formally, yes. In reality, I was asked to.

[Question] You can hardly think well of that firm.

[Answer] No, why? On the contrary: I am very grateful to them! Had they not fired me, there would have been no "Interpegro" and I would not have been doing what I am doing now. So, I had to do something. Therefore, I decided to do business according to my own rules of the game, at a time when they were not recognized by our foreign trade enterprises. I succeeded in bringing about the establishment of a joint-stock company, the "Interpegro" Foreign Trade Company. Its stockholders are state farms, fruit and vegetable industry enterprises, refrigeration industry enterprises, agricultural labor cooperatives, voivodship tourist enterprises, and many others, including the Bank of the Food Industry, the State Brokerage Enterprise, Central Cellars of Imported Wines, etc., altogether 220 stockholders. That is a mighty power: their aggregate sales volume is 20 billion zlotys and they employ as many as 100,000 people. Altogether, the sales volume of "Interpegro" last year was US\$35 million and 35 million rubles.

[Question] How did you suddenly find so many willing stockholders?

[Answer] They perceived the potential and, after some time, they saw the results. The producers also were attracted by the desire to free themselves of the restraining bonds of their [state] customers—monopolists with dictatorial inclinations. "Interpegro" took better care of their suppliers, charged them lower fees, and helped them by providing them with shipments of imported producer goods as well as with scarce consumer goods for their workforces, obtained through barter trade with other socialist countries. What is more important still, "Interpegro" assisted them in their investment projects. We have repeatedly been able to obtain loans on the scale of millions of dollars, from Holland, from Switzerland, from the United States, and from the FRG, to finance plant modernization at our stockholders—state fruit and vegetable industry plants. Thus, we obtained a US\$3.5 million loan for the expansion of two refrigerating plants in Koszalin Voivodship, and so forth.

[Question] It is not surprising that your competitors dislike you—you took their suppliers away from them....

[Answer] Don't they? That is already in the past. Now they are doing, more or less successfully, the same thing as we. In the past "Interpegro" used to be a kind of illegitimate child, the fruit of sin, deserving reproof. Nowadays it has been legitimized by the sacrament of the second stage of the economic reform and, I am told, it is being cited as a role model to others.

[Question] Let's go back to the beginning of the company. How did you staff it?

[Answer] We in the subsector all know each other. I selected capable persons whose worth I knew personally. What did I prize most? Their ability to talk with customers—that is a great art, and you don't have to know five languages for it; one or two foreign languages will do, provided that the person is absolutely dependable, that he or she have what the English call "reliability." This is terribly important. You see, in my youth, after I got my degree and worked for a year at "Polimex-Cekop" [foreign trade agency], I got a job in London with a shipping company having a long tradition, established in the late 18th century. There, transactions were made over the telephone, verbally; the concept of [written] confirmation of conversations was unknown—a gentleman's word was his bond.

This is what I learned. To be sure, since then the world of trade has become more coarse and there are few gentlemen left, but certain principles have survived. We try to apply these principles at "Interpegro." We have 18 firms and employ nearly 2,000 people, but in general we write no internal memos. We place orders—quantity, delivery schedule, price, sales policy—with suppliers by telephone, verbally. This practice has never led to abuses, apart from two instances of evident embezzlement. This

alleviates work greatly, and moreover it creates an atmosphere of mutual trust. People are discovering that this is possible, and they like it very much. Another thing I demand is, of course, industriousness. Work should be respected, and it should be liked as well. Our employees enjoy their work, and their earnings are decent too. On the occasion of the fifth anniversary of our existence they told me that when they report for work they don't feel like going somewhere else instead. It is characteristic that throughout the entire existence of the firm up to now not a single denunciation has been made [as published], whereas in my previous place of employment several score denunciations were made each month. This proves something, does not it?

[Question] Do people change along with the reformed trade?

[Answer] Yes, very. In the past we had a closed circle of merchandising bureaucracy, persons without roots in industry or agriculture or anywhere else, who were professionally and culturally suspended in the air, so to speak, and who had a double morality, limited knowledge, and stereotyped attributes of "worldlings." They began rapidly to disappear. But not everywhere, because such people are still being encountered, in some distant foreign posts; being behind with news, they don't know what is really happening in this country, and they suspect that it all is merely a game that won't last. Still, the number of such people is declining.

[Question] You view the world very optimistically; perhaps through the prism of "Interpregro"?

[Answer] In general, I am an optimist. And besides the world does change for the better—I refer to our "world" of foreign trade, to our foreign trade community.

[Question] Thank you for the interview.

1386

**Agricultural Fund Coverage Criticized as
'Propaganda of Success' Story**
26000300b Warsaw *POLITYKA-EKSPORT-IMPORT*
in Polish No 8, Apr 88 p 20

[Article by Stanislaw Gruzewski: "In Calmer Tone About the Rockefeller Foundation"]

[Text] Last February the Fund for the Development of Polish Agriculture was registered in a Warsaw court. Its initiator and mentor is the well-known American banker David Rockefeller. The mass media publicized this fact greatly, and enthusiastic articles even appeared in some periodicals.

This approach was exemplified by the article by Jerzy Morawski, "Ham for Appetizer," published in *PRZEGŁAD TYGODNIOWY*, No 10. Its author provides a detailed history of the establishment of the Fund, names

the persons involved in the negotiations, describes the trips to Poland by American experts, and so forth. Given the names of the persons involved in this project, the extensive treatment of this subject by not only Morawski but our mass media in general should not be surprising.

The Chairman of the Fund Council is Professor Norman E. Borlaug, the father of the "Green Revolution," and its vice chairmen are Professor Szczepan Pieniazek and Jozef Ertl, the former minister of agriculture of the Federal Republic of Germany. Other well-known foreign and Polish personages are members of the Council too.

The author of the article mentioned here cites the opinions and comments of certain members of the Council on the effects which the Fund should yield to Polish agriculture. Some of them are worth quoting here, because they are highly characteristic. First, there is the opinion of David Rockefeller himself, as cited by Prof Pieniazek: "The decision to establish the Fund was influenced by the choice of a Pole as the pope and by the existence of a large number of Polish Americans. Other determining factors were certain considerations of prestige. The diplomats who met with David Rockefeller claim that he was prompted by a quite farsighted perception of the world situation, of the need for cooperation between West and East and for dispelling the peril of conflict [war]."

Prof Pieniazek himself then characterized the project as follows: "The Fund has resulted in the rise of a lobby supporting Polish agriculture, which began to act in our interest even before the formal establishment of the Fund." According to Prof Pieniazek, the Fund is unlocking prospects for the export of processed potatoes. But before this happens, funds have to be invested in the necessary facilities in order to subsequently sell French fries or potato flakes in the West. A similar procedure is in the offing for fruits and vegetables—freezing, refrigerating, and packaging plants are needed. "Deputy Minister of Agriculture Wieslaw Mlynarczyk believes that thanks to the Fund it will be possible to introduce technologies markedly enhancing the efficiency of the utilization of feeds in livestock raising," and Michal Losiak, a member of the Board and Council of the Fund, "states that, thanks to the Fund's programs, which prescribe intensive technological regimes, many persons in this country will learn how to work properly."

All this looks very pretty, but the reading of these optimistic comments begs the question: how are these lofty objectives to be attained? They require huge outlays, whereas the Fund at present disposes of a credit of barely US\$2.5 million in an Austrian bank, for the purchase of superconcentrates by our country. If Polish agriculture is to be modernized and developed as envisaged by the members of the Fund's Board and Council, that would require not US\$2.5 million but rather US\$25

billion. That is why it seems to me that the publicity attending the Fund does not correspond to its potential for accomplishments, given such modest capital at its disposal.

I myself am in favor of introducing foreign capital in Poland, as I have more than once declared in *POLITYKA*. But I always meant serious projects serving to accomplish some definite progress in one or another particular domain of our economy, rather than make-believe actions which, properly speaking, are not contributing to overcoming the economic crisis.

Incidentally, I would like to ask whether it was necessary to resort to such arguments as the selection of a Pole as the pope, the American Polonia's interest in the affairs of Polish agriculture, or alleviation of the threat of East-West conflict, in order to obtain US\$2.5 million credit?

I propose to all editors who have raised such hoopla about this matter that in the future, when writing of projects of this kind, they bear in mind the infamous "propaganda of success" in the 1970s.

1386

Need for Better Investment Policy Noted in Plant-Cooperative Opposition
26000315a Warsaw TRYBUNA LUDU in Polish
22 Mar 88 p 7

[Article by Waldemar Gontarski: "Will There Be the Second Stage [of the Economic Reform] at the Siedlce Food Processing Plant?" subtitled "Employees Oppose Curtailing the Plant's Autonomy"]

[Text] The canning department is now producing marinated beets, all destined for export. Some of the operations, such as the removal of beets from the conveyor belt and their placement in jars, have been converted to piecework-wage basis. Even so the pay is modest, averaging not much more than 20,000 zlotys [monthly].

"The incorporation of the plant in the Regional Horticultural and Beekeeping Cooperative is meeting with many doubts, said Eugeniusz Wereda, production foreman at the Siedlce Fruit and Vegetable Processing Plant. "We fear that wages will now be less contingent on our productivity."

Until the end of last year the parent agency and actually the founder of the Siedlce plant was the Central Union of Cooperatives in Warsaw. Now its parent agency is the regional cooperative.

Prior to that change the plant operated on the basis of complete internal accounting. It had had its own bank account and it independently decided on what it would

produce, and it also determined on its own the size of the yearly one-month bonus, subject to approval by Warsaw. It decided on its own what part of its profits would be set aside for modernization.

"We keep requesting," Anna Cielemencka, first secretary of the basic party organization at the plant, said, "to at least retain our autonomy at its present level if we cannot expand it."

They Wanted a Different Cooperative

"Last year I asked the Central Union of Cooperatives to approve founding our own autonomous cooperative based on our plant," said Zbyslaw Blaszczyk, the manager. "Then our workforce as well as the farmers supplying us with raw materials would become not only the users but also the proprietors of the plant. We would then also have greater economic and financial autonomy. Yet nowadays we cannot purchase our raw materials except through the mediation of the [regional] cooperative, which charges us a fee of which a part comes from our net profits which could otherwise have been ours. Despite the support of the voivodship administrative and political authorities, our request was rejected."

Thus, the plant's employees do not want to belong to the regional cooperative. For two reasons: first, the dividend accruing from that membership is small — only about a dozen or so percent of the monies contributed. Second, the plant's employees have practically no possibility of deciding on the affairs of the cooperative. According to the cooperative's statute, its supervising council must consist 90 percent of farmers. The remaining 10 percent are readily outvoted. The statute of the autonomous cooperative proposed by Director Blaszczyk had provided for the council's membership to consist 50 percent of farmers and 50 percent of processing-plant employees.

"Both the actual and the anticipated structures of the cooperative are inconsonant with the spirit of the reform," my collocutors concluded.

Why Wages Are Low

This year, earnings at the processing plant are to increase by 9,500 zlotys. Its employees have already, like everyone else, received 6,000 zlotys [compensation for price increases]. Will they work to earn the additional 3,500 zlotys?

"Most of our output is exported," said Leszek Osinski, the chairman of the plant trade union. "The traditional procedure for converting foreign-exchange earnings to zlotys in terms of the lower official exchange rate does not, however, provide strong incentives for exports. This year the dollar conversion rate will increase by 20 percent and the ruble conversion rate by 50 percent. Our

financial performance will be more advantageous and the plant wage fund will increase. Despite everything, however, wages here will remain below the industry average."

It can be understood that wages in meat processing are low, because meat sales prices are officially fixed. But processed fruit and vegetable products are sold at contract prices, not at official prices.

"The fact that our average wage is below the industry average was," Director Blaszczyk explained, "chiefly due to the year 1982 when many enterprises processing materials other than farm produce, e.g., metal plants, recorded a decline in supplies of producer goods and a decrease in output. Yet in agriculture that was a good year. That was why there was no decline in output at our plant.

"Later, many enterprises which had survived the depression of 1982 found it relatively easy to increase output and wages, because financial regulations have for a long time made wages contingent not on size of output but on its increase. At our plant the only opportunity for increasing output would be through building more production departments, but we lack the right land for it. Similarly, our opportunities for acquiring machinery are modest. Even if I were to be granted investment credit, it would be hard to locate suitable machinery for acquisition."

And Most of the Machinery Is Worn

In recent days a breakdown occurred at the Siedlce fruit and vegetable processing plant. Probably through the fault of the attendants, one of the three boilers providing hot water to the production bays (e.g., for pasteurization) and for the central heating system was destroyed.

If the fault of the employees is indeed proved—they probably did not time properly the provision of a suitable quantity of water, so that the boiler exploded—they will, pursuant to the labor law code, be docked an amount equal to three-month wages. The losses are offset by the fact that the boiler had already been in operation for 18 years and needed to be replaced. But acquiring such equipment is problematic. It has to be ordered, and the waiting period is...several years. Unless the old boiler can be successfully repaired, only two boilers will operate, and this, in the presence of severe frosts, may reduce output at the canning department.

Since the plant engages in exports and is entitled to retain part of its foreign-exchange earnings, it can acquire the needed machinery abroad, cannot it? Unfortunately not. All the foreign exchange it can retain has to be spent on domestic suppliers of containers. Otherwise, the plant would not be able to purchase boxes, lids, jars, and barrels in this country. It lacks convertible currencies for other purchases.

"More than one-half of our production facilities are by now worn out," said Director Blaszczyk. "For the future we would like to modernize our plant on the basis of commercial credit, by importing foreign machinery and paying for it with our export surpluses. But we lack direct contacts on the international markets; we sell our goods to them through the mediation of 'Hortex.' Of course, now we can select a middleman on our own, but we prefer to avail ourselves of the mediation of precisely that trading agency. We cannot afford to open our own foreign-trade office. For this reason also we are not trying to penetrate foreign markets on our own. We expect of 'Hortex' that it will become sufficiently aggressive to enable us to purchase modern facilities."

In this country there is a shortage of facilities for processing fruits and vegetables. Our native industry builds few such facilities, and (half of) these are being exported moreover....

At the Siedlce plant, employees are exploring organizational and economic solutions which they consider more rational. They desire to avail themselves as fully as possible of the principles of the second stage of the economic reform, out of their concern for the plant's future and for the present relatively modest earnings.

P. S. When I was gathering the information for the above article, I asked a representative of the Horticultural and Beekeeping Cooperative for a rebuttal, but my request was in vain. Only later I had learned the following from Jan Krynowicz, the chairman of the Regional Cooperative in Siedlce:

"The final version of the bylaws of that plant now exists. The plant will dispose independently of its own development, foreign-exchange, social-welfare, and housing funds. But it is necessary for the investment policy to be coordinated, that is, equally apportioned among the various sections of the cooperative (this will be overseen by the cooperative's council)."

1386

Club of Catholic Intelligentsia on Proposed Local Self-Government Changes

26000235 Krakow TYGODNIK POWSZECHNY in Polish No 11, 13 Mar 88 p 8

[Text] The local self-government in Poland is in need of extensive changes. The present system is not effective mainly because it does not differentiate between the purpose of the state's administrative authorities and the self-government bodies, it does not guarantee sufficient efficiency in this area and does not represent in a satisfactory manner the interests of the inhabitants. Therefore the undertaking of a reform of this system is necessary and has its definite purpose. Nevertheless the basic principles of changes submitted for a general

debate by the State Council do not fulfill our expectations at all. The main controversy stems from the concept of local administration within the state.

1. Even though the project corrects many faults of the law being in force since 1983, the suggested changes are an integral part of the present eclectic organizational and political concept of local authorities which take for granted their mixed state and self-government character. The next step toward a more complete and independent fulfillment of the communal needs of local societies by national councils demonstrates even more clearly the imperfections, and the artificial and complicated character of the construction of the local government (national councils as an organ of state government and territorial self-government), that construction being based on the centralistic idea of the system of national councils which was introduced in Poland back in 1944 as an addition to the then functioning system of self-government, and ultimately obligatory here since 1950 without any changes until the present time.

2. Under these circumstances the increase in independence of the national councils does not mean the establishment of a system of local self-government in spite of the fact that the draft as well as the present law is using this term which obscures the true meaning of this idea in the minds of the general public. Among other things, this project does not foresee a legal personality for towns and communities, meaning the establishment of legal entities of territorial units and collective bodies of the inhabitants which in fact identifies territorial self-government in administrative structure. It does not foresee adequate guarantees for local authorities in matters of property (among others—problems of communalization of land belonging to the state). It does not anticipate the introduction of collegiate executive bodies of local authorities while the executive functions are entrusted, like at the present time, to one person, a local representative of the state administration. Nothing is said about the special status of the members of local apparatus—as communal workers. It does not introduce any safeguarding of the competence of local authorities, legal responsibility which essentially identifies and makes real the self-governmental character of an institution. In its declaration of 15 January 1988, the Board of KIK expressed its dissatisfaction with the changes in the election ordinance and organization of local political life. Among the suggested ideas of change there is no mention of reconstructing of the nature of the bill as such to make it unsuitable to the self-government idea of the subject matter. There is no subjective definition of a community, system of its organs, the range of their legal activities, form of control of a community as a subject of public power, etc. Just as at present we are supposed to treat all individual organs of the territorial apparatus as segments of a uniform system of the state's administration and the distribution of tasks between them like a form of central distribution of the general activities of the state, and therefore without the opportunity for towns and communities to exercise their own policy dictated by the interests of the

inhabitants. From a constructive point of view these and similar problems which the planner of changes in this bill and national councils did not put under discussion are of basic importance; without debating those there can be no talk about the self-government character of local authorities.

3. It is not clear how far-reaching will be the changes in the constitution or their character which pertain to the local authorities. There is not even an idea of the direction of those changes indispensable to the administrative legislation. At the same time it is exactly the content of the laws which regulate specific areas of life that decides in a great measure the success of a reform, this being sometimes even more important than the amendment of the law on the system of national councils in itself.

4. It has been only 5 years since the passing of the current law. Permanent changes causing continuous destabilization of the mandatory legal and organizational order are in themselves not conducive to the success of reforms, also leading to the people getting tired of the problem and even of discussing it. Suggested changes, being again only half-measures, will only bring the problem of national councils to the public forum again in just a few of years.

12470/6091

ROMANIA

Historian Iorga's Book on Freedom, Revolution Reviewed

27000070 Bucharest VIATA ROMANEASCA
in Romanian No 12, Dec 1987 pp 29-33

[Review by Alexandru Dutu of the book "Evolutia Ideii de Libertate" [The Evolution of the Idea of Freedom] by Nicolae Iorga, Meridiane Publishing House, 1987, 430 pages]

[Text] Too little known, Nicolae Iorga's book "Evolutia ideii de libertate" [The Evolution of the Idea of Freedom], brought back into circulation by the Meridiane Publishing House (1987, 430 pages), is particularly important for understanding world civilization and a great historian's view. Published in 1928 from course notes, the work is part of the scholar's attempts at synthesis that were to lead him gradually toward the monumental "Istoriologie" [Historiology]. Moreover, Iorga refers in this course to "Inercare de sinteza" [An Attempt at Synthesis] and "Istoria Literaturilor romane" [The History of Romance Literatures], thus revealing to us a continuity of concerns. The exposition not only covers the social and political aspects, as we would have expected, but also dwells on the cultural phenomenon, since Iorga connects the idea of freedom with the progress of moral and political theory; however, morals have always been connected with the process of cultivating human nature, and where this process has been

minimized, morals have become a tedious set of constantly repeated and unfollowed precepts. In fact, as in the case of other works by Iorga, the title does not exactly match the content, it being, in this book, a question of "the evolution of the forms of freedom" or, more precisely, "the evolution of the forms of solidarity" rather than of the evolution of a concept that is not analyzed as such anywhere in the book. Iorga asserts from the outset that "the philosophical definitions have come to an end" and that "the only useful research remains that from a historical viewpoint," a quite annoying contradiction for a scholar who knows that philosophy has a history and consequently that research on the evolution of an idea entails the philosophical analysis of the concepts and systems. But Iorga does not persist and speaks about three facets of freedom—freedom to work, political freedom, and freedom of thought—which, together, show us "the evolution of the forms of solidarity." Hence, the merits of the book, which penetrates onto very modern territory, but also some disappointments for the reader, who would have expected the "idea" to not take a back seat so much.

Iorga starts with the oriental monarchy, passes through ancient Greece and through the "barbarian" world, covers the Middle Ages, dwells on absolute monarchy, and devotes extensive space to the 18th and 19th centuries, to conclude with the present. The vast display offers the reader a panorama of the human condition that stimulates his understanding and curiosity; few syntheses of such scope can be encountered in world historiography. However, it is surprising that humanism is absent from the exposition that deals with the family, with city life, with civic spirit, a fact that, from the outset, gives us a clear indication of the great historian's approach. Indeed, Iorga starts in an unexpected direction and imparts a certain originality to his lectures highlighting the rural world, which did not receive to the proper degree the attention of the historians of social and political life, Iorga comes to assert that freedom springing from natural connections is more viable than that organized by the modern state, in rational forms, since it is a question of "a freedom within." The opinion is based on a deep knowledge of the Romanian realities, which Iorga inserts into world history; instead of meekly accepting the idea that it would be a question of "lagging behind" by societies of a folk character, of the groups attached to archaic or "medieval" structures, Iorga does not shrink from stressing the original characteristics of freedom springing from natural bonds. In our turn, researching the thinking of the Romanian humanists of the 17th century (in "Umanistii romani si cultura europeana" [The Romanian Humanists and European Culture], 1974, p 148), we found that they recommended a "conquest of the polis within," through the consolidation of social relations and through the implantation of civic virtues into the collective consciousness.

Natural relations were maintained over the centuries in the valleys, which Iorga likens to cities. In this way, the author comes to assert that the American Revolution

proposed an idea of freedom more substantial than that formulated in French texts, due to the fact that it was done by the farmer, who is "a certain kind of peasant." Clearly, the historian exaggerates to the detriment of the diversity of the human forms of manifestation: The French revolutionaries had before them another kind of opponent than the American farmer, who fought alongside the bourgeoisie in Boston and the townspeople in New England. The excessive accent put on the "farmer" does not match the historical reality. It reveals to us an attitude of the historian rather than a historical reality. In this regard, the criterion adopted by Iorga, which also results from a certain choice made by the one who, in 1928, was equally concerned with the past and with the political life of the present, comes out in bold relief. The historian's exaggerations bring to the surface his attitude and a number of preconceptions. To suggest the modernity of the freedom in the "peasant republics" (and it is surprising that Iorga does not quote what Dimitrie Cantemir writes in "Descrierea Moldovei" [The Description of Moldavia] about the regions that defended their freedoms!), the author minimizes important moments in world history that marked the modern world, like the Reformation or the French Revolution, just as he makes a good analysis of absolutism, which, as contemporary historiography also shows, caused a "refeudalization" of Europe in the 17th-18th centuries, but without contrasting it with its direct adversary—liberalism. On the contrary, Iorga considers liberalism an "abstract" creation—a strange label, indeed.

The greatest merit of the book is that it reestablishes the place actually occupied in humanity's development by peasant solidarities, by the "popular Romans," and by the organic connections perpetuated in modern societies. These aspects are strongly illuminated by Ilie Badescu's introduction to this recent edition, furnished with extensive and useful notes, albeit open to supplementation, as is clearly the case with notes 65 and 66, which deal with the topic of absolute monarchy by limiting it to Iorga's view, although the contemporary discussion is far more interesting, as can be deduced from the transactions of the Congress of History in Bucharest in 1980.

The book suffers from a haste that left its imprint on many books by Iorga published directly, without strictly necessary changes and additions, from oral communication. However, it is one thing to give a lecture and hold the audience's attention with the help of striking images and it is another thing to convince the audience in writing, through a reasoned exposition. Iorga allowed everything that he said to be published immediately, a fact that dated many books, which now have the air of an interpolation in a parliamentary debate, offering us more information about the time than about the topic under discussion. So, for example, the beautiful images at the end of the 15th lesson, a nation's tumultuous movement that was nothing but superficial unrest caused by "Cartesian philosophical rationalism and supported by court literature" (p 278), say nothing on a careful reading that

does not see the connection between "tumult," Cartesianism, and court literature; when the lecture is turned into a written exposition, the requirements are of another nature.

Even more significant is what Iorga does not see because he refuses to take it into consideration. Thus, in the 13th lesson, he speaks about British Puritanism and judges that it is what gave a push to the English Revolution, also caused by the whims of Charles I, who let himself be influenced by the "easy" French spirit brought to court by his wife Henrietta. The explanation sidesteps the core of the problem, which is found in the violent conflict between Parliament and the royalty, which gradually limited its power base; while the English Revolution began in the ranks of the nobility, it gained strength due to the popular groups that caused the return of nobles favoring the royalty but supported Parliament in its armed struggle. However, Iorga does not accord to Parliament the place that it deserves because he has a profound distaste for the parliamentarism in his day; the present influences the reconstitution of the past. Moreover, he also takes the next step and condemns liberalism as "an ideological manifestation of the 18th century—applied to the bourgeoisie in often the most egoistic sense of the word—which would have to be ended or, at least, suspended, whenever international or national problems appeared with an intensity that no longer allowed their resolution through speeches or journal articles" (p 313).

The statement is deficient in various ways. First of all, because it causes a dangerous opposition between historical reality and the idea, as if ideas were not involved in reality; second, because liberalism is what crystallizes the idea of freedom, a fact that an excursion into the evolution of the idea of freedom had to take into account in order to get the reader to understand the importance of the discussion on "slobozenie" [freedom], as the Romanian scholars of the era said; finally, because liberalism is far more complex than the way Iorga depicts it—obsessed by the abstract air of this "ideology," he is the one who attacks the absurd authority of absolutism—as we can also deduce from Moise Nicoara's "Recursul" [The Appeal], from 1919, in which the restoration of man's natural rights prior to the appearance of oppression is requested, because man thus "can defend himself, according to his strength, from oppression, from persecution and injustice, if the empire cannot defend him." Moreover, liberalism is always interwoven with the national movement precisely in the case of the peoples who maintained the organic connections; in this regard, the innovative contributions by Ch. Platon and Nicolae Bocsan in recently published volumes change the perspective proposed by Iorga.

Iorga's animosities and refusals set off his attachment to other cultural realities; while ideology is to him an abstract construction and, consequently, detached from everyday reality, instead the reality of the organic connections seems to him always present. Iorga does not

doubt that honest and strong relations within the family and small groups can give reality to the freedom toward which humanity continually aspires. But the family and the group do not always remain the same, and the historian has the obligation to always distinguish what promises to be viable from what belonged to searches, often ill-fated, of the time. In Iorga we detect a certain fixity, an attachment to a way of life that resisted oppression and vicissitudes; it is found in the rural milieu, where the people worked, did not doubt values, fought for the freedom within. In the peasant milieu, Iorga rediscovers values that were not attained by the sophistry of the philosophers robbed of construction raised to pure utopia. Iorga does not deceive himself but neither does he ask himself whether this image is "innocent" and whether it still corresponds to reality.

From the very beginnings of the social and political modernization of the southeast European societies, the promoters of the new forms "folklorized" these cultures, since they rejected the "tainted" culture of the old regime and wanted to replace it with a culture that had "pure" sources, the one in the rural milieu. Franco Venturi speaks about this process in "Settecento Riformatore," III, 1979, page 140. When the struggle for liberation of the peoples in this part of the continent, waged mainly by the peasant masses, was launched, the culture in the rural milieu offered strong support to these movements. However, this source of energy nourished a mental image that, in its turn, became a component of an ideology. The phenomenon can be observed not only in Southeast Europe but also in German culture, which Iorga regards as more naturally constructed than the "abstract" French culture. Affirmed beyond the cosmopolitanism of the royal courts and having continuity and duration as characteristics, "volkskultur" designated a peasant culture, although it arose from the combination of the rural tradition with the aspirations of the bourgeoisie, which, through the intellectuals, stylized that tradition. The fight against Napoleon—Hermann Bausinger tells us in a basic study ("Volkskultur und Sozialgeschichte" in "Sozialgeschichte in Deutschland," III, 1987)—is what spurred the Germans to reconstitute popular culture in a peasant form. In the case of the Greeks, research on folklore became a part of archeological research, because the Greeks of the 19th century could thus demonstrate that they were directly descended from the Hellenes of Pericles; in this way—Michael Herzfeld tells us in "Ours Once More" (Pella, 1986)—there was formed an image of Greek culture capable of giving a response to the ideas that the Europeans concocted about Greece. This image also found a counterweight in the research that tried to discover Greek autochthonism, beginning with the Byzantine heritage.

The village as an abode of virtues has an imposing presence in the work of Iorga, who accepts the folklorized image of Romanian culture. Because, otherwise, how can we explain the fact that the scholar does not discuss the contribution of the Romanian humanists to

defining freedom and does not feel the need to refer to the ideas of Miron Costin, the high steward, and of Dimitrie Cantemir, who were the first in our country to speak, in a language understood by all, about "community," about "tyranny," about "polity," a word from which "civilization" is descended, about the relations of the prince with the "country" and of the "country" with the "empires" of the world? Udriste Nasturel is quoted by chance on page 125, where Buda is discussed, when he is the one who represented the transition from a form of Romanian humanism, as Virgil Candea stated in a study that should not have been absent from the critical apparatus of the edition.

Iorga's synthesis is not distinctly separated from the basic ideas of the historians of Romanian culture in the 19th century and he continues to follow in the footsteps of a Kogalniceanu attracted by the charm of the chronicles and folklore. Clearly, the image of the development of Romanian culture is sensitive to the great transformations in the 20th century—for proof, the fact that Iorga speaks about "the situation of the working classes in the cities" or about the danger of uniformization. The last lesson corresponds to what he wrote in "Idei asupra problemelor actuale" [Ideas About Current Problems], around 1934: "We are living, of course, in one of the most unfortunate eras in the history of mankind, even if blood is not being shed and barbarians are not roaming ruined cities. It is such a crisis as history only rarely mentions. There is no doubt in this regard." The scholar's confidence in a humanity capable of recovering what had been lost through the shock of rapid modernization

is authentic and convincing. "The return to tradition does not mean a return to the past but the taking into account of what, handed down through the centuries, is still vigorous," states the scholar who tried to bring back into present interest virtues of the people who had defended their freedoms in the mountain valleys.

But the scholar refused to recognize viable elements in forms of the public life contemporary with him, only because he saw them infested with corruption: The farce of the elections and of the parliamentary debates that hid maneuvers made behind the scenes spurs him to deny democratic gains that had increased the sphere of action and meaning of freedom; the historical view is clouded by disappointments of the professor engaged in the struggle for power. So it is that the evolution presented by Iorga wavers in the face of the subtle movement of the thinking that seems fragile to him and remains attached to the solid but changing value system in the peasant world. However, worth noting is the great historian's desire to bring highlights of the nation's past before students, who were urged to consolidate united Romania. In these lectures, history came to the aid of the present less to offer solution, since the image of the past continued to be dominated by features compiled long ago, and more to mark a meaningful Romanian presence in world history. In this way, the historian transmitted to his audience a noble feeling of dignity, and it is known that there is no freedom without dignity.

12105/12232

GERMAN DEMOCRATIC REPUBLIC

Consultations on New Weapon Systems Assessed
23000074 East Berlin MILITAERTECHNIK in German No 2, 1988 pp 76, 77

[Article by Lt Col D. Negraschus: "Consultations on Utilization of Weapon Systems"]

[Text] In the introduction of modern weapons systems, it is important to convert their operational possibilities into actual combat value in the shortest possible time. Thus, from the very first day on there is an effort to achieve the most effective utilization of technology and a constant improvement in their security. After completion of a certain starting phase in their utilization, it is appropriate to draw up an initial summary.

For this purpose, our most recent experience has shown that utilization consultations are especially desirable. At these meetings an accounting is given of the work carried out so far. While the successes achieved are approved, defects, gaps, bottlenecks, and problems are also uncovered. Suggestions for improved work and ways to achieve effective utilization of technology are discussed.

Utilization consultations are valuable because they release new activity aimed at making proven methods possibly even better, closing gaps quickly, removing defects without delay, and implementing suggestions for improvements after careful testing. They provide a further impulse to the ongoing utilization process and furnish lessons for preparing the employment of subsequent weapons systems. They are useful because they help to accelerate full utilization of all possibilities of the new technology and to use it more efficiently.

I. Main Topics of Utilization Consultations

For utilization consultations all essential questions have been subdivided into four main topics: Utilization experiences, present status of the supply system, training questions, and effective use of guarantee representatives. These topics are discussed in further detail as follows:

1. Utilization Experiences

The main focus in this area is on technical problems. Responsible personnel from all work stations report on their experiences in use and maintenance of the new weapons systems. Typical breakdowns are analyzed and ways are sought to avoid them.

There is a discussion of unclear stipulations in the operation and maintenance instructions which must be passed on to the manufacturer. Initial results of examination of the effects of extreme climatic conditions on technology are presented and conclusions are drawn therefrom. There are possibly also proposals for making

the maintenance cycle more economical, for example through seeing whether certain repairs could be done at longer time intervals in the future.

Such questions have been dealt with heretofore at utilization consultations, but each weapons system naturally has its own specific technological problems.

2. Present Status of Supply System

The supply setup of a weapons system has been brought to maturity when spare parts needs are covered, the supply chain is filled with spare parts, the necessary documentation is available, and the indispensable security technology, the necessary special tools, measuring and testing equipment are on hand. The sequence of the listing of these factors has nothing to do with their respective value. They are all absolutely essential to ensure permanent and stable high technological readiness for operation.

Whether or not spare parts requirements are covered depends on stockpiling measured against the stockpiling norm. The requirement is to achieve full stockpiling after expiration of the guarantee period. At the utilization consultation there is an analysis of which supplies are available, how the restitution of the spare parts lent out to the guarantee representatives is proceeding, and what information is available for eventual corrections in stockpiling norms.

Since spare parts are continuously used up, a supply chain is essential to maintain consistent stockpiling. It consists of three columns: deliveries, storage, claims and conveyance, as well as repairs. Spare parts are needed up to the end of the life of the technology. Their delivery is stipulated in contracts for introduction of new weapons systems. As a rule, this is well known to the participants in the utilization consultation and is therefore not a subject for discussion. The spare parts are stored in central and intermediate depots as well as in the depots of the end users.

There is an estimate made at the utilization consultation of whether there are sufficient buildings and open areas available and whether the depots are adequately equipped.

The repair of worn out structural groups and parts is of great military and economic importance. The greater the readiness is to do this, the more breakdowns can be taken care of by regular personnel and the more the spare parts producing industry can be relieved of the burden. The measurements standards and specifications are formulated in the repair plans. In them it is specified by whom and to what extent structural groups and parts are repaired, spelled out according to military and industrial repair organs. This depends on the degree of difficulty of the repairs and the capabilities of the repair facilities.

The utilization consultation examines the existing capabilities of military repair facilities and what measures are necessary to expand these capabilities.

An estimate of whether the necessary documentation is available applies both the documentation delivered by the manufacturer and to the parts of the utilization documentation which are published in the German language. What is included in the documentation and in what form depends on the data given by the military branches, special troops and services.

The availability of indispensable security technology and equipment is by no means last in order of value. For one thing, a broad spectrum of aircraft maintenance, refueling and evaluation technology, as well as rocket preparation stations, is indispensable for the operational security of military aircraft. The required security equipment takes many forms, such as fuel and grease, technical liquids and gases, ammunition, pyrotechnic equipment, harassing shells, etc. There must also be various types of testing equipment (for example, measuring and testing apparatus, test stands, and test stations), appliances, and special tools. In addition, the full combat value of a weapons system can be achieved only if none of this equipment is lacking, if everything is available in sufficient quantities without exception and functions flawlessly.

A very careful accounting in this area is drawn up at the utilization consultation. Any gaps found result in effective corrective measures without delay.

In summary, it can be said that the total complex of the supply system, with regard to both scope and variety, takes up a broad segment of the utilization consultations.

3. Training Questions

The most important thing in this area is an evaluation of whether and to what degree the training the flight, engineering, and flight technical personnel conforms to the respective requirements. In concrete terms it must be estimated whether supplementary training is required for service personnel, how the training of new cadres is assured, whether the training base is adequate and optimally used, whether all planned positions are staffed by suitable cadres, etc.

4. Effective Use of Guarantee Representatives

On this point, the utilization consultation discusses whether and how the contractually agreed upon obligations and rights have been adhered to by both sides and how cooperation with representatives of the manufacturing plant is going. Thus there is an evaluation of the degree of mutual support, the scope of utilization of all the knowledge and capabilities of the guarantee representative, as well as the status of possibilities of quickly correcting breakdowns. There is also an evaluation of the composition of the guarantee brigade according to area

of specialization and its supply of spare apparatus and spare parts. In addition, work organization, security, and welfare questions are discussed.

According to our experience, the best results are achieved when there is a comradely relationship of trust, high demands are made, and when the main emphasis is not on separation of tasks but on their joint solution.

For the sake of completeness, two further forms of utilization consultations are mentioned.

One of these is the sending of experts from the designing office of a weapons systems to a user country for the purpose of evaluating its utilization experiences with a view to eventual perfecting of technology and for use in future plans. This has to do above all with experiences in maintenance compatibility and reliability of technology, effectiveness of maintenance technologies, and suitability of organization of ground equipment, tools and spare parts.

A second proven form is international consultations of all fraternal armies with the designers and manufacturers of a weapons system. The special value of such consultations is that very many utilization experiences, which have been gathered under the most varied environmental conditions, have been assembled.

II. Organization and Evaluation of Utilization Consultations

1. Organization

Good preparation is the decisive factor in the success of a utilization consultation. First, the consultation's main topics must be established. They depend on the peculiarities of the weapons system, the point in time when the consultation is held, and the concrete situation. They can be extremely varied. The content of the consultation determines the circle of participants. We have always chosen as the site of a troop unit which is equipped with the pertinent technology.

The prerequisite of every utilization consultation must be thorough analyses. The main topics must be subdivided into concrete individual questions and specific evaluation criteria prescribed (for example, criteria on the degree of maturity of the supply system). The participating services of the directing organs have the task of preparing evaluations from the viewpoint of their own respective responsibility. Sufficient time should be planned for preparation, several months as a rule. The commander of the troop unit is given the assignment of delivering an information report which will form the basis for the discussion.

It has proved useful to hold a meeting in the troop unit before the conference. Here the main idea of the conference is explained and unanswered questions are resolved, such as what belongs in the information report, how it will be compiled, and in what form the discussion will be prepared.

During the consultation it is useful, after the information report, to discuss the individual main topics separately and thus to establish as quickly as possible tasks and responsibilities for their solution. Everyone takes notes, there is no joint protocol, and the spoken word has the prime validity. As appropriate, it may be useful to prepare certain materials (for example, statistics or partial analyses) for inspection or to demonstrate certain processes in the technology.

2. Evaluation

The evaluation is an important element in concluding the utilization consultation on a high qualitative level. This involves evaluation of what has been achieved, a realistic statement of position, and new effective measures to raise the combat value of the weapons system.

The degree to which the discussed tasks have been solved is reflected in the information report and in contributions to the discussion. It is appropriate for each service branch to prepare a report dealing with the most important information for its own area of competence.

The authoritative final document reflects the tasks which have been prepared and confirmed during the utilization consultation. It contains all tasks which have been recognized as essential and the names of those, respectively, who are assuming responsibility for their solution. This is the agreed on and obligatory basis for the carrying out of all measures, which may be multilevel. The important thing now is to solve every task rapidly and completely and thus to achieve the desired growth in combat value. Neglect or halfhearted measures reduce the desired results and confidence in the value of utilization consultations and have a negative effect on combat readiness by throwing away possibilities for its enhancement.

In evaluating the utilization consultation it is also appropriate to draw up a final balance sheet and, as the case may require, even preliminary balance sheets. This involves calculation of fulfillment of tasks to determine whether the desired goal has been achieved.

It is especially important to give a complete and convincing answer to all criticisms, comments, and suggestions made at the utilization consultation or by interested nonparticipants. Every member of the army must have the feeling that his opinion has been sought and taken seriously. At the same time, this encourages new initiatives for further raising our defense preparedness.

/12232

CZECHOSLOVAKIA

Role of Value Instruments and Credits in New Economics

24000078b Prague PLANOVANE HOSPODARSTVI
in Czech Jan 88 pp 16-25

[Article by Dr Ladislav Bakalar: "The Role of Value Instruments and Credits in the New Economic Mechanism"]

[Text] Our socioeconomic development in the Eighth 5-Year Plan proceeds from the objective necessity of comprehensive intensification, higher profitability, economy and quality, and expanded international socialist integration. It is subordinated to the demands of the R&D revolution, and represents an innovation of a higher order of progress which is changing the development and quality of production forces and production relations.

The development of production forces in turn is changing the quality of the most vital production force—man. Man's progressive thinking fundamentally affects the development of production and society, but by the same token, this situation calls for systematic changes in the economic thinking of experts in accordance with the new quality of the economic situation.

In the forefront of production relations appear primarily concerns of work teams about profitability and about their involvement in economic operations and production, implementation of full khozraschet and thus, also their participation in the management of production and in efforts to improve its technical and economic aspects in accordance with the challenges of the process of intensification.

Quality of the Socioeconomic Development

Basic trends evident in the acceleration of our economic development in the Eighth 5-Year Plan may be demonstrated on certain macro-data in comparison with the preceding 5-year plan:

	Seventh 5-Year Plan	Eighth 5-Year Plan
	Actual	Plan
National Income	11.5	18-19
Per capita production	9.0	17-18
Personal consumption	5.0	11-12

A greatly accelerated rate of growth of personal consumption—1.2 times—projected for the Eighth 5-Year Plan will be achieved by a rapid growth of NI—accelerated by 55 to 65 percent as compared with the preceding

5-Year Plan—and by a concurrent rapid growth of per capita production whose rate is accelerated by 90 percent. The growth of public consumption and required investments presuppose an escalation of per capita production and greatly reduced consumption of material resources. This may be accomplished by potential higher profitability of capital assets and supplies, and above all, by more cost-effective utilization of both direct and past labor outputs.

Such a highly dynamic growth of NI and particularly of per capita production cannot be achieved in any other way but by a higher rate of intensification, and consequently, by better economic management. Thus, the consumption of fuels, energy resources and materials costs must be drastically cut in proportion to final results. This will be possible if R&D advances are thoroughly and expeditiously implemented.

Of decisive significance will be innovative technology and goods, the achievement of the highest possible profitability, and in addition, structural changes in the ministries and sectors, in the structure of investments, and especially in machine engineering. There are urgent needs to drastically change the share of used and frequently obsolete machinery and equipment in favor of advanced models which contribute to higher labor productivity and increase efficiency.

This leads to the demand that our machine engineering and electrical industry be furnished above all with sophisticated machinery and equipment, because on them depend supplies of similar advanced equipment for other branches of material production, especially consumer and food industries. The modernization of our production and technological base affects every branch of material production. Therefore, the area of investments, machinery and equipment deserves special attention because their top technical standards are non-negotiable preconditions for advanced innovations of technology and goods.

It is obvious that especially the above-mentioned qualitative changes call for revolutionary changes in our economic thinking. We must learn to think so as to aim every action and every decision at the application of R&D achievements in management and operations and thus, to promote the process of intensification of national production. The bottom line for the change in our economic thought is the need to come to grips with the new, challenging demands of the current stage in our economic development. This process stems from the realization and thorough analysis of current practices, and confrontation of the new challenges; on that basis it helps identify the directions and methods that will most of all facilitate the fulfillment of the challenges posed by the accelerated socioeconomic development.

The planned socioeconomic development is based on:
—intensive R&D advances;

—the most cost-efficient utilization of resources for final results and their scrupulous conservation;

—thorough and creative application of the principle of restructuring of the economic mechanism.

The control of the economic mechanism in our economic practice must be fully understood as a holistic concept of a system comprising the plan, economic instruments and khozraschet in interaction with production and economic operations of khozraschet organizations. This new quality of economic management will allow enterprises considerable independence and responsibility for the fulfillment of the objectives and programs of national economic plans. Their independence, in conjunction with greater direct participation of our working people in management, will open an area for socialist entrepreneurship and creative thinking.

The problem is, how to integrate the effects of R&D achievements in the management and praxis of production, for example, in the banking system, into monetary plans and criteria of efficiency, including the use of credits, so that such plans may serve as systems that effectively promote the ongoing process of intensification.

Economic Thought and Market-Price Relations

Basic directions of thought should be linked with activated market-price relations, especially with the application of the labor theory of value in an intensive type of planned socialist economy. The value and financial instruments may help reveal unused assets as well as determine potential fulfillment of the objectives of our economic policies. Credits play an important role above all by promoting intensification, and thus, they are used to increase profitability. Therefore, it is appropriate to link grants of credit primarily with criteria of efficiency and in particular, with criteria of lucrative uses of credits.

The change in our economic thought should lead to a greater dynamism and adaptability of the market-price relations during the stage of intensification. As A. Abakin stressed: "For more flexible and efficient financial policies, all their aspects and factors (interrelation of enterprises with the budget, payments for resources, interest on credits, depreciation, and so on) must be focused on the technical restructuring of production, on greater efficiency and better quality of economic undertaking. The financial-credit mechanism must help the enterprises and VHJ [economic production units] above all during their transition to full khozraschet, and strength the material incentives and the responsibility of work teams."

Changes of the economic mechanism must be planned in detail so as to support the technical restructuring of economy, to put more pressure on economic efficiency and quality, and at the same time, to liberalize the

conditions for the development of the initiative of work teams, to expand their involvement, and to enhance their feeling of responsibility for final achievements.

Even without probing analyses of the results of enterprises in their fulfillment of selected indicators of the plan, we may conclude that our economic climate has not been very challenging. Even with strict credit policies, our enterprises often do not lack financial assets, because they still are able to stockpile excessive inventories and make disproportionate long-term investments; they do not have to increase the profitability of their products to any appreciable extent and are not responsible for damages and penalties even for late payments. For that reason, great many enterprises are facing problems.

The management system does not greatly encourage an important khozraschet factor, i.e., team interest in better economy, planning, entrepreneurship, and in general, good public stewardship. Furthermore, it makes possible a relatively easy life in enterprise subdivision units, and does not enforce any harsh, radical solution of material and objective problems, so much more so, because khozraschet still does not sufficiently encourage the involvement of work teams, their concern about the results of their work, and thus, also their realization of their accountability vis-a-vis other labor teams and our society.

Occasionally it is noted that the bank grants too many credits to our economy. Sometimes this may be true, but the main problem is in our management system which has not created an economic atmosphere that would promote better management, conservation, prudent demands not only for credits but also for material resources, supplies, labor, foreign exchange and investments. After all, nobody can say that the planned management system is resolutely forcing our enterprises to proceed with the intensification program, if the changes in innovation of products and technology are slow in coming, if outdated machinery is not promptly phased out, and what is even worse, if many machine and equipment units which do not help the intensification process but rather prolong the technological status quo and yet remain in operation.

It appears that, next to an improved system of economic mechanisms, the most prominent factors are the character of the managerial personnel and the determination to enforce social interests on the basis of comprehensive information and courage to proceed in an innovative, systematic and purposeful manner.

As the effects of the value instrument are concerned, the following ideas are of particular importance:

—improvement and more thorough application of financial and monetary instruments, including the exchange rate, and consequently, reinforcement of optimum combinations of the plan and the khozraschet in order to obtain a better economic and financial balance and stable currency;

—flexibility and simplification of the system of accumulation and of the use of khozraschet funds, and on principle, greater restrictions on the access of organizations to financial resources; this may be achieved by higher standards of material incentives, by restrictions on undesirable grants and redistribution, and by grants of credits and foreign exchange according to criteria of the highest revenues (From the main directions of the CSSR socioeconomic development in 1986-1990 and projection to year 2000);

—opening a space for socialist entrepreneurship by lucrative uses of economic methods and instruments of management, especially prices, credits, long-term economic standards, and by strengthening the role of the entire banking and financial system (Political report of the CPCZ Central Committee);

—strict fiscal and dynamic credit policies must play a pivotal role in safeguarding economic efficiency and balance;

—scrupulous criteria of profitability based on comparison of our labor production with world labor productivity must be enforced in the planning and control of wages, credits and prices (Report on main directions of the CSSR socioeconomic development in the 1986-1990 period and projections to year 2000);

—we regard greater reliability and efficiency of all value instruments as an integral part of the restructuring of the economic mechanism. An essential role belongs to expedient credit policies and to the whole financial system;

—stricter conditions for the access of organizations to financial resources. In particular, the extent of redistribution processes and of antagonistic financial operations must be reduced in conjunction with the rationalization of prices and of the exchange rate; the system of taxation, payments and depreciations must be overhauled; credits must exert greater influence on the economy of organizations, and the costs of public consumption covered by organizations must be adjusted (Programmatic declaration by the government of the CSSR).

The above-mentioned ideas serve as a meaningful source of stimuli for the agencies of our financial and credit system because they spotlight the most crucial problems—more advantageous use of economic mechanism in the future and greater efficiency of its factors already in the Eighth 5-Year Plan. In connection with the implementation of the system of economic and value instruments, progressive thinking demands first of all an examination of their efficiency and impact on the function of the khozraschet. The very existence of the khozraschet as a method of management depends on the effect of the system of plans and economic mechanisms, and confirms that the function of economic mechanisms must be interlocked into a well-balanced system, so that

—instruments of financial policies (payments, allocations, subsidies, processes of redistribution, etc), along with instruments of monetary policies, including above all credits, interest and foreign exchange, may jointly (albeit specifically) and in a coordinated manner strengthen khozraschet;

—these instruments operate in optimum economic conditions which are determined by the limits of their effectiveness, mainly prices and wages.

Principles of economic mechanism will be effective and progressive only if the khozraschet operates in a situation where its economic environment, i.e., primarily value instruments provide a system of favorable and efficient economic areas. Of course, harmonious effects of value instruments should create an economic environment that would promote the natural demand of good stewardship, prudence, rational action and an optimum input-output ratio even within enterprises and factories. By the same token, such an environment will become a fertile ground for the cultivation of collective interests of labor teams in achieving efficiency and thus, in their best accomplishments, with respect to the satisfaction of public needs. Thus, the economic mechanism has every chance to become a vigorous factor in the process of intensification and to attain the best final results. It will implement and translate into reality Karl Marx' ideas expressed in his "Economic and Philosophical Manuscripts" which aptly characterize the attitude of a worker of socialist conviction: "What I make of myself, I make of myself for society, with the knowledge that I am a social being."

Many facts have confirmed that the current methods of control have failed to sufficiently influence the thinking of some managers, and testify that the economic must change and become progressive. How else could, for instance, economic organizations submit uncritical reports about annual reviews of their management, without mentioning substantive problems and their causes, and therefore, offering conclusions prescribing bureaucratic remedies. This reveals incorrect thinking which is reflected in chronic shortcomings, for example, in investments, excessive stockpiles, inefficient and inferior export funds. Those are the symptoms of controversies in the very minds of persons who act against public interest.

If the effect of khozraschet in enterprises operating under the conditions of intensification permits one view, then another, macroeconomic view, which is in agreement with the former, pertains to the effect of our economic and financial balance and stable currency. On the macroeconomic level effects must be produced to improve the quality of the planning system.

No matter how excellent the system of principles of economic mechanisms may be, it cannot support the fulfillment of the plan, if the resources and final results of the plan are not well coordinated. In this respect the

system of effects generated by value instruments is subordinated to the plan, but at the same time, it may play an important role by pointing out the imbalance and the unresolved, economically untenable parts of the plan. This follows from the material and financial aspects of the process of economic renewal. The very correlation of the plan in its proportions and objectives cannot be confirmed in any other way but in terms of values and cash flow. The bigger the gaps in this correlation, the more difficult it is to achieve an economic, financial and monetary balance.

For that reason it is an important idea to include among the top relations of the national economic plan, on the one hand, the top monetary relations, and on the other, basic principles of price, financial, wage and monetary policies. The main point here is to realize an important idea expressed in point 11a) of the Principles of the Restructuring of the Economic Mechanism of the CSSR: "... In the future, decisive objectives in the development of prices, basic parameters of exchange and credit plans, and a summary financial plan must be included as an organic part in the state plan."

It would be useful to make a comprehensive analysis of top monetary balances part of our national economic plan, which would help contribute to greater awareness of top financial relations in terms of the highest macro-quanta of the plan. Such a system would serve as an instrument in systematic planning of our top agencies in the central management. It would provide a reliable, systemic source of information for our top managing agencies in their conceptualization rather than in administrative and managing operations.

The focus on better credit and monetary policies is easy to understand because credits are a major factor in disbursements of funds and thus, in the growth of their volume in national economy, but also because they are linked with conditions that may affect the efficiency, quality and technical standards of production and products.

Bank credit and monetary policies in the Eighth 5-Year Plan may be characterized as dynamic and austere. They will be consistently focused on grants of new credits on the basis of:

- the most efficient use of internal resources;
- implementation of, and compliance with, the stipulations of the criteria of efficiency;
- accelerated R&D, particularly by the application of innovative credits for investments which promise pay-back in foreign exchange.

The other side of austerity should be a dynamic response of our enterprises and supra-enterprise agencies which should create a situation where the enterprise does not waste its internal resources contrary to public interest.

Furthermore, financial assets cannot be redistributed in this way—in other words, allocated to enterprises which failed to meet their plan and which for that very reason and at the same time are mismanaging their own resources.

If the new way of thinking in the bank aims at innovative, objective and austere economic utilization of internal resources and credits, the system of operations in economic management must undergo a change of thought and turn decisionmaking more than ever before into a serious in-depth analysis of problems of management and penetrate to the very root of their causes. This is imperative because the economic mechanism not only serves as a mechanical system of instruments of the plan and of value instruments, but together with full *khozraschet*, it creates an economically and psychologically favorable climate for socialist entrepreneurship. The need to manage well, the self-financing system, the search for the most promising opportunities for the creation of the greatest number of new resources and for the upgrading of material incentives, and a steady further development—those are vital preconditions for socialist entrepreneurship and for the eradication of bureaucratic compliance with the most minute specifications of planned tasks. This is a valid argument in favor of a change of thought; not only managers but also work teams must embrace this change promptly and completely.

Trends of Changes in Thinking and Management in the Bank

It is only natural that the new qualitative phenomena in the socialist system of production during the process of intensification are projected into banking operations through changes in economic policies. If the objectives of economic policies are recognized, they may be translated into the economic effect of the bank in management. Therefore, the understanding of innovations introduced in our economic policies goes hand in hand with the application of the conclusions from this process of learning into the objectives and tasks of the bank, which are reflected in the changes in the fulfillment of the bank's economic operations and tasks. Thus, the changes in economic thinking include the current demand that the economic management be further improved so as to achieve the desirable quality of our economic policies, especially in the following efforts:

- to strengthen the programmatic objectives and expedient systemic management focused on the highest possible efficiency and objectivity of the bank's operations in our economy, in conformity with the demands of profitability, intensification, high technical standards and quality of production, and expansion of international socialist division of labor;

- to improve assessments and analyses as the foundation for a new quality of management, especially by updating current analytical principles. These principles

must proceed from an analysis of the financial situation as a criterion of credit rating, primarily in accordance with indicators of efficiency, good economy and quality;

—to use computer technology systematically and purposefully, and to set up a data bank, in particular for the development of an analytical system to learn objective facts and trends in the development of financial balance and stable currency;

—to upgrade the training of the personnel in the area of operations, mainly on the basis of more comprehensive, systematic flow of information about the current economic, financial and monetary conditions.

Because the bank is the state's central banking institution as well as its exchange and credit center, the programs and goals of its management demand first of all that the methodology of management be specified on the basis of research data on correlations between the factors of the process of renewal and the amounts of credits and exchange. The results in this direction thus far have been positive and should be processed further into a unified system whose simplified model is as follows:

—a system of credit-exchange quota;

—a system of factors in an expanded process of renewal.

This process transforms and identifies correlations between both groups, and creates a better system of criteria of efficiency and of exchange criteria, and thus, it offers a unified system of instruments which serve to test and establish an economic, financial and exchange balance. It may lead to a system of criteria of efficiency as a synthesis of material, value and exchange criteria that would provide a better planning system and promote in a more practical way trends toward an economic, monetary and exchange balance.

The monetary balance must be measured primarily in relation to economic balance. The monetary balance is always dynamic and has quantitative and qualitative aspects. Its qualitative aspect is measured by the structure of financial needs and resources.

In the process of restructuring of the economic mechanism, the new concept of the national economic plan correctly aims at the confrontation of the main macro-quanta of development from the point of view of the monetary balance. Therefore, national economic plans must include cash flows in their totality.

A key question about the quantitative aspect of the financial balance concerns the issue of credit grants, which has its specific structure and quality. In quantitative terms, the decisive moment is that, in agreement with the objectives and goals of the national economic plan, the credit-exchange mechanism acts so that the growth of the credit directives

—be not disproportionately higher than the needs of national economy, and thus, that it prevent unprofitable, wasteful management;

—be not disproportionately low because that would hamper opportunities for a desirable development;

—encourage entrepreneurship and thus, the implementation of innovative ideas and concepts.

Cash balances are accumulated in the process of a planned development of national economy. They may affect that process, and are affected by that process. Therefore, the cash balance depends on a steady, dynamic development in individual sectors, especially exports and imports, and on stability in domestic markets and state economy. The main thing here is to balance the needs and the resources in the enterprise sphere which, in view of the independence of enterprises operating under the conditions of full *khozraschet* and self-financing, should use credits granted to them to far greater advantage for increasingly high final results of labor. Our current management system has thus far underestimated the monetary and exchange aspect.

A positive factor of our economic mechanism is expressed by its emphasis on the financial and exchange aspect in the economic development, reflected in its concern about grants of credit as well as by the actual impact of credits on the financial balance and stability of exchange.

Thinking in Terms of ASR

For many years the bank has been systematically building and improving its management system. It developed a concept for the introduction of ASR [automatic control system] and is preparing a program for its improvement. The key question is, how to reach the next level in its improvement, with respect to current demands for:

—higher profitability of the bank in the process of intensification;

—integration of methods and instruments of management into a well-organized and, thus, a more efficient system;

—rationalization and algorithmization of processes and methods of operation;

—decisionmaking processes based on the application of data obtained from analyses of information systems from the ASR.

In all probability, the point of departure should be an analysis of efficiency of the bank's current management system, made with respect to qualitative demands and application of specific experience in the development of management in general. Its outcome should serve as a basis for a model for bank management in the process of

intensification, which should be properly dovetailed with demands of efficiency and rationalization, in order to upgrade the methodology of management in a flexible, efficiently functioning system. This enormously difficult task may call for the participation of the "economic environment" of the bank and of research and theoretical institutes, especially in view of the growing importance of computerized economic data for the use of the management.

From the viewpoint of methodology, it is indisputable that such a model of management cannot be designed without the stipulation of the bank's objectives stemming from economic policies and from appropriate methods of fulfillment of the bank's economic functions. That demands that the bank transpose the objectives of our socioeconomic development into its own objectives, proceeding from the fulfillment of the bank's economic functions and tasks in accordance with the requirements of the process of acceleration.

The changes in our economic thinking should be accompanied by a change in the method of identification of economic phenomena, particularly on the enterprise level, by explanation of changes in financial management which continue to be in the bank's view the starting point for the analyses of the trends in the economy of khozraschet organizations. It is an urgent task to think through the principles of analytical processes. The decisive criterion in this task of bank managers should be to focus their analyses specifically on assessments of the financial situation, mainly in terms of credit efficiency in conjunction with the phenomena and trends of the financial management. This represents the bank's specific approach based on its functions and tasks; thus, it differs from the concept of enterprise and supra-enterprise analyses.

Moreover, macroeconomic bank analyses should proceed first of all from the review of the financial situation in terms of credit efficiency, in order to assess this development with respect to monetary and exchange balances. It would be helpful to specify the new factors added to this basic concept.

First of all, the financial situation should be reviewed for efficiency in the fulfillment of the plans of science and technology as factors promoting technological changes and innovation of goods. Another relevant criterion of these analyses is the assessment of the financial situation in terms of the function of full khozraschet as a method of enterprise management whose purpose is to achieve maximum efficiency and quality in enterprises by vigorous participation of their work teams.

Automation today offers the most advantageous opportunities. In accordance with current demands on the focus and quality of analyses, systemic algorithms should be specified for computers. Branches of the bank which already are experienced in the use of computers in analytical operations will certainly follow this direction.

Analyses on the enterprise level, conducted for the specific purposes of the bank, offer data which may be generalized and which provide a unique access to information about economic realities in their multiformity and variety, about trends to which they lead, about the causes of the most essential positive and negative factors in economy of production and economic and financial activity of khozraschet organizations. As part of the process of economic management, ongoing assessments help project the effects of the principles of banking, exchange and credit policies. Thus far, such a comprehensive assessment proceeding from ratings of credit efficiency of khozraschet organizations has not been prepared, although it is a prerequisite for exchange analyses, i.e., for evaluation of factors which affect the stability of currency in our country and abroad.

The methodology devised for such analyses may help improve the planning of exchange, exchange analyses, and directions of the principle of exchange policies.

It may be to our disadvantage that no institute is dealing with the theory and practice of credits, of exchange planning, and of exchange analyses from the bank's point of view, and above all, from the standpoint of exchange policies. Perhaps we should consider whether a committee on exchange and credit policies should be organized. It would be coordinated by bank executives and would conduct theoretical and practical research in cooperation with the staff [line missing]. Such a committee would serve the bank management in an advisory capacity and in effect, replace the former Research Institute for Financial and Credit System, now defunct; thus, it would fill a painful gap in our financial, credit and foreign exchange research; its need is urgent and very much in evidence precisely because of the decisions issued by the 17th CPCZ Congress, and moreover, because international socialist integration makes it imperative to study the trends of developments in socialist countries, especially in the USSR, as well as theoretical data and the trends of their financial and credit theory and practice, and to consider how that information should be used. These matters must be properly organized by specialists interested in dealing with such crucial problems, which is a precondition for systematic improvements of the bank's economic operations.

Economic facts must be learned and the obtained data processed for better economic management, particularly financial planning, analyses and principles of the bank's financial and credit policies, in order to provide authoritative foundations for the bank's managing operations on which the current stage of the R&D revolution is making extraordinary demands. Economic operations are controlled in two ways:

—by the R&D advance, which involves the application of computers, automation, robotization, etc.;

—by computerization within the bank, which employs computers not only for transactions and accounting, but also for information gathering and analytical processes that make learning of the actual economic situation easier and better.

The bank has already made considerable progress in both directions. As for R&D, the bank specified its consequences in its projections of the exchange situation for the Eighth 5-Year Plan and in the principles of the bank's financial and credit policies. With respect to automated data as the basis for analytical procedures, they follow the ASR concept which will gradually help organize a unified, coordinated and decentralized system of data bases. The bank's system is planned as a data processing base adaptable to the needs of the bank in the process of gathering information on economic subjects.

Problems concerning the optimum effect on the economy during the R&D process demand study in depth and clarification of changes occurring in the structure of our economic branches and sectors, in the structure and quality of investments, basic funds and currency, in factors affecting prudent economy, and other changes in enterprise khozraschet management. This task is a challenge for a team of selected experts that needs unified leadership.

The ASR concept is now being realized. It is a moot question whether the rate of its implementation is equal to current urgent demands for information gathering and data-processing and for better analytical, programmatic and managing operations in the bank. An important question concerns the enforcement of the principle of integration and thus, of unity in the organization of the data base established on the same principles, but in different ways, in view of the specifics of individual operations, such as credits, financing of investments, foreign exchange transactions, and so on. Still another matter is to consider comprehensive utilization of data that must be analyzed and correlated according to actual problems in management procedures and to the demands of greater economic efficiency of the bank. A new problem appearing of late in conjunction with the on-going process of intensification directly affects the changes in the data base. The whole complex of these urgent issues deserves thorough analyses and expert solution.

09004/7310

Khozraschet in Agriculture To Cure Problems
24000078a Prague HOSPODARSKE NOVINY in Czech
12 Feb 88 p 9

[Article by Eng Jaroslav Pokorny, ScC, Federal Ministry of Agriculture and Food: "The Remedy Is Khozraschet"]

[Text] Our state plan has projected that before 1990 our agricultural-food industry complex will increase its profit by 56.6 percent (as compared with the actual

situation in 1985) and reduce the share of total costs in outputs by 2.6 points. Prior to 1990 the creation of national income in our agriculture and food industry will be up Kcs 15 billion, which represents an increase of nearly 20 percent. The fulfillment of these planned objectives, which is the foremost task of our ministry, will bring a tangible contribution of our agriculture to the total accumulation of our NI. The results in 1986 and preliminary results of 1987 indicate that the objectives planned for the Eighth 5-Year Plan in this particular area of our agriculture are being met.

The planned efficiency will be achieved above all if the share of decisive costs in outputs is reduced in all key operations.

To Compare What Is Comparable

A criterion for the assessment of the development of basic economic indicators is the comparison of comparable data, an analysis and differentiation of factors that are outside the competence of the ministry and of the sector in question. In chronological comparisons of the development of outputs and costs in agricultural organizations the effects of changes in prices of inputs and of price and non-price mechanism must be taken into consideration.

In the Sixth 5-Year Plan mainly higher prices of inputs, without their value or non-value compensation in the agriculture (in procurement prices of agricultural products, or in surcharges on such prices), reduced the profitability of our agricultural enterprises on the average to 6.8 percent, which was almost one-half of their profitability in the Fifth 5-Year Plan when it amounted to 12 percent. A considerable part of our agricultural products was produced at loss or at a low profit.

In the Seventh 5-Year Plan the prices of inputs in the system of economic mechanisms were adjusted (subsidies were cancelled and prices of fodder and fodder mixes, fuels, energy, etc. were raised), which directly increased material costs by approximately Kcs 12 billion; this represents their absolute increase by more than 12 percent over 1981.

In addition to higher prices of inputs, the economy of our agricultural enterprises is negatively affected by the forms of hidden (unaccounted) increases of prices of agricultural needs which, for instance, in machinery products amount to about 3 percent semiannually.

Therefore, the comparison of the absolute development of costs during this or over a longer period of time is not relevant and one-sided conclusions about a negative development should not be drawn from it.

Development of Efficiency in Primary Agricultural Production

(JZD and State Farms in the CSSR)

Indicator	1982	1983	1984	1985
Outputs (in Kcs billion)	105.5	114.7	124.8	129.3
Profit (in Kcs billion)	8.5	11.2	13.1	12.1
Return on costs (in percent)	8.75	10.79	11.73	10.38

As the table shows, for a comparable period, while the Set of Measures for Improving the Planned Management System in Agriculture was in effect, i.e., in 1982-1985, the actual development of efficiency was positive.

During that period the share of total costs in outputs declined on the average by 0.45 point semi-annually.

Nevertheless, it should be noted that the above-mentioned positive development was reported only after 1982 when the Set of Measures was introduced, which was in response to the necessity to correct the deformation of the previous system of planned agricultural management. Furthermore, it reinforced the *khozraschet* system, restored the economic balance of our agricultural enterprises, and mobilized their resources.

A one-time increase in compensations granted since 1982 to our agriculture amounted to about Kcs 1.9 billion and provided the groundwork for broader applications of the enterprise and enterprise subdivision *khozraschet* in our agriculture and for a radical solution of efficiency, above all, of livestock production, particularly cattle raising.

Over a relative brief period—1982-1985—these measures affected all aspects of our society. Agricultural production was up and in essence, we achieved self-sufficiency in the consumption of basic foodstuffs; imports, especially of grain, were drastically cut, and our agricultural enterprises gained greater economic stability.

Premiums paid for higher market production also played a positive role in achieving self-sufficiency in basic foodstuffs, but in the Eighth 5-Year Plan their stimulating effect gradually tapered off and from 1989 they will no longer be used in the system of new economic mechanisms.

Financial Resources

In accumulation of financial resources, however, the increase in total compensation to our agriculture failed to generate sufficient retained earnings for the development of enterprises, mainly those operating in poor production areas. The enterprises tried to earn the financial resources they lacked by rapidly developing sideline ventures.

With respect to accumulation of financial resources in enterprises of primary agricultural production, it is noteworthy that the share of profits for agricultural operations steadily declined, while the share of profits from sideline production escalated. Until 1984 the profits of JZD's non-agricultural ventures were within the range of about 28 percent of total profits, but in 1986 they reached 54.4 percent (CSR - 36.4 percent; SSR - 96 percent).

Such a development may suggest the conclusion that the efforts on the part of our agricultural enterprises, especially those operating in unfavorable conditions, to develop and expand their sideline undertaking have become economically vital for the creation of resources required for the process of their economic renewal.

Nevertheless, a situation where enterprises of primary agricultural production earn most of their income from sideline operations cannot be regarded as natural. Every stage in our economic agricultural system should follow the principle that the economic system should enable the enterprise to accumulate from its agricultural operations sufficient financial resources to guarantee at least simple replacement.

Published views about a surplus of liquid assets in our agricultural enterprises (such as in an article by Eng Kveta Burianova in *HOSPODARSKE NOVINY* No 33/1987) should be regarded as unsubstantiated. In reality, from 1982 to 1986 financial assets in current accounts and deposits of all JZD and state farms dropped by Kcs 315 billion, i.e., 10 percent, while their operational and investment credits rose during that same period by Kcs 3.9 billion (13 percent). Similar trends continued in 1987.

From the developments described above it is obvious that in a growing number of enterprises any further negative impact on internal finances in our agriculture would jeopardize the principle of self-financing based on *khozraschet*, and its consequences might endanger the future of self-sufficiency, including its qualitative aspects.

A comparison of the high cost of our agricultural products with those of the developed capitalist states is another topic for discussion. To answer unequivocally the question about the share of costs in Czechoslovak agriculture, we must make an objective comparison in which external costs are expressed in comparable world prices. The solution for the specific share of higher costs in our agriculture should be increased economic pressures in every area.

The way to comprehensive cost-cutting in our agricultural production involves systemic solutions throughout our agricultural-industrial complex. The process of drastic reduction of total costs must therefore concern the supplier branches as much as our agricultural organizations and enterprises of our processing industries. Only

this solution may be considered realistic and bring the per unit cost of agricultural and food products closer to the level of such costs in developed capitalist states.

As for the prices of agricultural products in developed capitalist states, it should be noted that even those countries follow policies of major state subsidies. For instance, subsidies and interventions in the EEC have been in effect increased despite the EEC's self-sufficiency in food production which amounts on the average to 104-108 percent (against about 97-98 percent in the CSSR). The EEC's considerable self-sufficiency notwithstanding, the costs of price guarantees (price interventions), procurement interventions and subsidized exports are rising. In 1982 they amounted to 15,811.6 million ECU (European currency unit—the current value of 1 ECU is about 2 FRG mark); since that time they rose to ECU 22,153 million in 1986.

The fact that our agriculture relies to a great extent on state grants and subsidies is another frequent topic of discussion. Basically, all economically advanced countries allocate state funds for the implementation of their agricultural policies. For example, state outlays for gross agricultural production in the EEC amount to nearly 50 percent, while in our agriculture they are below 30 percent (including differential surcharges).

All types of agricultural resources from the state budget are often incorrectly regarded as state grants and subsidies. However, their major part—about 57 percent—represents differential surcharges which are a specific form of non-price compensation for higher costs paid to agricultural enterprises operating in areas with poor soil and climatic conditions. Such funds are not included in procurement prices of agricultural enterprises and are allotted according to published regulations on the basis of receipts from agricultural operations.

In the framework of the current economic orientation and of the regulations proposed for improvement of the economic mechanism, the ministry expects to use centralized grants, especially in the area of economic incentives, in order to bolster the fulfillment of food delivery for our public.

To Improve the Efficiency of Management

Economic conditions and preconditions for an efficient development of our agriculture during the enforcement of a new economic mechanism are stipulated in the principles of comprehensive restructuring of procurement and wholesale prices approved by the CSSR government. Procurement prices and price and non-price mechanisms will continue to balance all agricultural

costs (including taxes raised to a uniform level for all of our national economy) on the premise that planned costs will be cut in full agreement with the stipulations of the Eighth 5-Year Plan.

Nevertheless, the amount of individual compensations and financial assets (profits) for the further development will be determined in every agricultural enterprise according to the standard and efficiency of its management and its entrepreneurial pursuits.

Greater efficiency in management and adaptability of managerial cadres to a new, more challenging economic situation are the most relevant issues in the current stage of preparations for the implementation of the Principles for Improving the Economic Mechanism in all of our agricultural-industrial complex, which will begin on 1 January 1989. An uneven efficiency existing, above all, in managing operations perpetuates major differences in the intensity and economic achievements of production in enterprises operating under comparable circumstances.

Drastic steps must be taken to render investments more lucrative. Only those new or updated capital assets should be regarded as profitable where, as compared with assets still in operation, profits have increased in one year more than annual depreciations.

The accelerated process aimed at a faster growth of economic efficiency in our agriculture does not mean that the administration and accountants should watch the expenditures. Modern automated data systems efficiently used in every agricultural enterprise permit to follow every detail and to assess the costs of individual operations as well as of products. Nevertheless, problems continue mainly in objective allocations of costs, in the enterprise subdivision planning standards, and especially in the trends of the costs of development. Detailed cost analyses (even according to enterprise subdivision units) are being processed practically everywhere on the enterprise level, but many enterprises, mainly the below-average or those lagging behind, do not use them to the best advantage. Still in evidence is the discrepancy between the degree of the "facing the facts" and the need to "want to change the situation" with the necessary challenge and responsibility of individuals and teams.

A specific solution and a way out mainly for those enterprises is consistent implementation of the enterprise subdivision *khozraschet* and the creation of conditions that promote economic stimulation and economic accountability of all economic managers and members of labor teams for better management, with direct projection into the area of personal material incentives.

09004/7310

GERMAN DEMOCRATIC REPUBLIC

Soviet Central Committee Organ Praises GDR Economic Policy

23000071c Frankfurt/Main FRANKFURTER
ALLGEMEINE ZEITUNG in German 18 Apr 88 p 6

[Text] NEUES DEUTSCHLAND, the SED central organ, has just reprinted the report by Rector Reinhold of the Academy of Social Sciences at the SED Central Committee, on Soviet General Secretary Gorbachev's book "Restructuring and New Thinking," first published in the April issue of EINHEIT, the ideological monthly. Dealing with Gorbachev's reforming efforts, Reinhold writes that the SED had clearly expressed its opinion "that, just like the CPSU, it considers this restructuring process in the Soviet Union to be absolutely necessary, watches it with interest and sympathy" and assists it to the best of its ability.

He emphasizes the SED's standpoint, according to which a transformation such as is proceeding in the Soviet Union, is not required in the GDR. It is "perfectly obvious that, when deciding its policy, the CPSU—just like the SED—takes into account the specific situation and needs of the country." Reinhold refers to Gorbachev's book, where the latter states the following: "The independence of each party, its right to arrive at sovereign decisions about problems confronting its own country as well as its responsibility toward its own people—these are immutable principles."

The SED obviously intended to underpin Reinhold's comments, because the same weekend issue of NEUES DEUTSCHLAND has the translation of a report in AGITATOR, the review of the CPSU Central Committee, that describes as exemplary the economic development of the GDR. According to the review, the GDR is celebrating the 43rd anniversary of "the German people's liberation from fascism as a stable and dynamically developing state with an advanced economy, science and culture." As if "perestroika" had already occurred in the GDR, the AGITATOR translation in NEUES DEUTSCHLAND insists that every step forward had, "in recent years (especially) been characterized by the creative search for methods to accomplish the new tasks of social development, such as emerge in the course of daily life, in particular in the field of economics." The intensification of social production on the basis of the speed-up of scientific-technological progress in the GDR is said to have provided the basis for a steady growth of the national economy and the people's standard of living.

After citing detailed figures and examples with respect to the high standard of living in the GDR (high by comparison with the Soviet Union), it is pointed out that, in the GDR, "the socio-economic roots (had been) extirpated, that used to be the basis for the aggressive and chauvinist policy of German imperialism." As if the authors wished to demonstrate that a better standard of living is possible

in socialism, too, they continue that there is neither exploitation of human beings nor unemployment. "For a long time, the socialist sector has furnished the foundation of economic and social development. Since 1985, this sector has been accounting for 96.7 percent of the total social production."

Finally the article describes the "benefits of the new society" in the GDR as the result of its peace policy. Since its very beginnings, the GDR had devoted itself to the maxim that never again should the danger of war arise on German soil. The authors continue: "Given the balance of strength that emerged on German soil, this task was and continues to be handled in an acute struggle against the most aggressive circles of imperialism as well as in close concert with the USSR and the other socialist countries. It is, therefore, logical for the GDR to have become an indivisible element of the socialist community and a true friend and reliable ally of the Soviet Union."

11698

SED Notes Current Deficiencies in Agricultural Sector

23000071b Frankfurt/Main FRANKFURTER
ALLGEMEINE ZEITUNG in German 18 Apr 88 p 13

[Text] Exactly the same situation is currently prevailing in both East and West: Farmers in the FRG and cooperative farmers in the GDR are back in the fields, at least wherever the soggy soil has dried out a bit—many small machines in the West, heavy equipment in the GDR. While the struggle for taking land out of cultivation continues in the FRG and the European Community, the GDR plans for another increase in output. Werner Felfe, SED Politburo secretary in charge of farm policy, handed out praise and reproof to the leaders of agriculture and the food industry. This weekend it is the turn of the agricultural scientists who are meeting in Suhl (Thuringia) to talk about the topic that dominates the discussion of farm policy: The use of computers by large-scale farming operations. When we also consider Honecker's somewhat critical remarks of 12 February, the targets for the future emerge quite clearly. The tightening of GDR agriculture and its combination in cooperation councils has been completed, but it will still be necessary to improve labor productivity which still lags behind Western standards. GDR farming will have to make do with fewer workers—something that should certainly be possible as well as useful. Reserves continue to be ample. The GDR can still produce more without incurring any of the problems of surplus production. But for how long? Felfe described as "still unsatisfactory" the development of sugar beet yields. Nor is sufficient fodder produced to guarantee domestic supplies for the livestock. According to Felfe, livestock holdings have declined in all GDR districts, and "a change for the better (is) urgently required." The SED is also aware that fruit and vegetable supplies continue to be inadequate. That is not only a matter of the quantity and quality actually available but

also of the organization of trade. Spare parts for processing machines are not readily available either. It remains to be seen whether the planned "standardized and computerized system of spare part supplies" will be able to deal with this problem. Anyone seeing the heavy machines exposed to wind and weather without any protection, will understand the wish for the construction of solid shelters. Evidently computers may well be of service to the giant enterprises now established. However, in the course of the current discussion, the director of a state farm pointed out that the best and fastest computer will never be able to replace the farmer's eye and intuition. But has not that intuition been irrevocably lost in the past 40 years? Moreover, no computer programs are yet available for utilizing the modern equipment. Still, much appears feasible: In 1990, a process control computer in the intercooperative facilities in Hoyerswerda Kreis is intended to feed 13,000 hogs. What a prospect!

11698

Government Encourages More Retail Trade, Customer Services

23000071a Frankfurt/Main FRANKFURTER
ALLGEMEINE ZEITUNG in German 13 Apr 88 p 6

[Text] The GDR intends at long last to improve the goods supply and customer services to the public at large. That, however, is possible only if greater scope is given private initiative. The GDR Council of Ministers therefore decided on more encouragement for private retailers and restaurateurs. The state secretary at the Ministry for Trade and Supply informed the SED central organ NEUES DEUTSCHLAND that 20 percent of all retail businesses and 41 percent of all restaurants in the GDR are currently privately operated. In 1987, the almost 25,600 private retailers and restaurateurs had a turnover of roughly M10 billion. Private traders accounted for 85 percent of total retail turnover, private restaurateurs for more than 16 percent of the restaurant total. It is the aim of the new measures "by utilizing private initiatives to improve the standard of supplies and services in the various regions."

Greater encouragement is to be given to family-run businesses especially, in other words small private stores and restaurants. Additional consumer facilities are to be established primarily in vacation resorts and excursion spots during the high season and at weekends, the state secretary says. Favorable consideration will be given the applications of citizens who wish to start up a private business either on their own property or on that of family members.

According to the state secretary, priority will be given trading licenses for fruit and vegetable stands, and these latter may also purchase garden produce from small producers. Priority will also be accorded permits for the establishment of private ice cream stands and ice cream parlors, snack and beer providers, fish stands, bakeries

with a few tables for serving refreshments and restaurants with a butcher shop attached. Encouragement is furthermore to be given the establishment of private hardware and tools sales, hobbyist supplies, notions, drug stores and small shoe shops combining the provision of services, as well as outlets for handicrafts and fashion goods (boutiques) that will also purchase products made at home in people's spare time. A great deal of encouragement is also to be provided to vendors serving the public at weekly markets, at street stalls and in shopping centers as well as at sports and cultural events. By the way, people who wish to set up kiosks for the supply of beverages, snacks and articles in daily use, will also enjoy preference. On 1 May a beginning will be made with the gradual increase in wage premiums for personnel employed in private businesses. As a result the still persisting differences in pay compared with that for employees in "socialist retail trade" will be reduced. Conditions for the payment of part-time (hourly or daily) employees are to be the same as for workers in "socialist trade." According to the state secretary, private retailers and restaurateurs without a contract will, as from 1988, "enjoy performance-related financial incentives by way of tax preferences. These are designed to help bring about better services for the general public."

11698

POLAND

ZYCIE GOSPODARCZE 'Briefs' Column

26000268a Warsaw ZYCIE GOSPODARCZE in Polish
No 8, 21 Feb 88 p 2

[Excerpts]

In the Nation

Craftsmen are exporting primarily through Remex (56 percent), foreign trade central offices (42 percent), and on the basis of concessions obtained (2 percent). Export activity is being conducted by about 2,000 plants; about 20,000 would like to export. At least half are offering goods and services of export quality.

Agriculture is producing 14.8 percent of the national income, but is using only 6 percent of the energy consumed in the country. In Poland 0.5 tpu are consumed per hectare of agricultural crops, compared to 1.1 in the FRG, France, and Great Britain. A rural household in Poland consumes 45 percent less energy than an urban household.

In 1987 we had 3,330 small-scale manufacturing enterprises in Poland (3,100 in 1986). Among others, there were 92 new CZSP [Central Union of Labor Cooperatives] plants, over 38,000 more craftsmen's shops, and 6 more state local industry enterprises (such enterprises no longer exist at all in 10 voivodships). There were only 17 new foreign enterprises, for a total of 700. Production by

small-scale manufacturing units in the years 1980-1990 is planned to constitute 15 percent of total industrial production. In 1980 that proportion was 11.5 percent, and last year, 12.4 percent.

9909

Criticism of Enterprise Evaluation Evokes Strong Defense

26000286b Warsaw TRYBUNA LUDU in Polish
25 Mar 88 p 5

[Article by Jerzy Sieradzinski]

[Text] The new method for evaluating enterprises, which took a couple of years to develop, had hardly seen the light of day when doubts and rebukes were expressed. Is it necessary? Whom is it supposed to serve? What is behind it? Will it not be erroneously interpreted and used for the wrong purposes?

Marzena Kowalska expresses this most fully in an article, "The Objective Merits the Result," (ZYCIE GOSPODARCZE, No 11). She unceremoniously attacks the above-mentioned document from all sides. That it was finally published and that it took so long to do so, that it is "internally flawed," that it is too general and at the same time too detailed, that it has "limited cognitive value" and "adds little to the learning of the economic ins-and-outs of an enterprise."

Her conclusions are summarized at the very beginning, when she writes:

"The matter is so controversial that (...) the Planning Commission chairman's instructions published last week concerning the evaluation of organizations in the socialized economy* will not bring a halt to the discussions and disputes going on for the last 4 years, and very likely will stir them up again. And it cannot be otherwise, because the need to institute such an evaluating system must raise doubts since the three S's [self-dependence, self-management, self-financing] are to be observed and the profit-and-loss statement is to be the management's economic "calling-card."

Without Profit, Nothing

Thus, before the gong sounded the first blows were heard. Heavy blows, and inflicted not very cleanly. After all, it is difficult to otherwise classify the charge that the evaluation method strikes at the self-dependence of enterprises (those 3 S's) and depreciates the importance of the most reliable indicator of efficiency, which profit should be.

The author makes this charge unwaveringly, although further on she herself admits that profit, for various reasons, cannot continue to fulfill the functions of an objective yardstick. But she draws a very hasty conclusion from this correct statement: since profit cannot

fulfill its role, the more so that other... "subtly concocted criteria" will not be able to do so. Without attempting to justify this risky thesis, she easily passes to the generalizing conclusion:

"That is why the search of such ideal yardsticks seems to be a Sisyphean job, and in practice its results will satisfy no one."

If I correctly understand the premise contained in the quoted statements, it comes down to a contemplation of helplessness and discontinuance of all actions which really can no longer harm us but neither are they able to help us. Well, I am decidedly against such a philosophy, and I believe that I am not alone in this.

But let us go on to the reservations expressed by Kowalska. Are measures of enterprise operations at all necessary, whom are they supposed to serve and are they a real threat to the self-dependence, so strongly emphasized in reform, of economic organizations?

We should remember that really from the beginning of our reform, the parent organs (ministers and voivodes) were required to make periodic and multi-year evaluations of economic enterprises and the work of the directors. Art 52 of the law on state enterprises speaks of this.

No one regarded this even then, when the central government functioned in large measure by the old, directive methods, as a real threat to the self-dependence of enterprises. It was simply accepted as natural and logical that—while observing this self-dependence—the parent organs must make a regular, unhampered inspection of the economic figures of these organizations, if only in order to be able to correctly shape economic policy based on the evaluations that were made.

Why, then, suddenly now, under conditions of a reformed central government, the reduced jurisdiction of the masterful parent organs, are reservations and fears so strongly expressed? Only the author knows the answer to this, but does not reveal it publicly. Too bad.

It is true that the particular ministries made their past evaluations completely as they saw fit, both from the standpoint of method as well as choice of criteria. In the enterprises and in the central government, this aroused many doubts and controversies. A subjective way of selecting criteria (made arbitrarily and most often for immediate needs), a frequently too-complicated evaluating method (a system of totaling up plus and minus points), based primarily on short-term evaluations built on simplified relationships—all of this did not permit a grasp of the dominating trends and the seeking of guidelines for economic policy.

In addition, the managements of the enterprises and the workers' self-governments were disturbed and exasperated by the fact that on the basis of just such discretionary evaluations, a kind of ranking list of the "best" and the "worst" was formed, comparing, in essence, things that were incomparable.

Wrong Conclusion From Bad Practice

From this obviously bad practice, can the conclusion be drawn that every method of evaluating enterprises is burdened with original sin and thus makes no sense at all? Is not this premise too risky?

For a long time, both from the "bottom" as well as from the "top", it was demanded that the concepts be standardized, that clearer, more complete—from the methods standpoint—evaluating criteria be accepted. No one expected that they would be eliminated.

Could the amount of profit have become the basis? Everyone agrees that today this would make no sense. Not under the present conditions of economic imbalance and an incorrect price-fixing system—for the profit of an enterprise contains many elements of accounts-settlement with the budget in the form of organizational subsidies and additional tax burdens. This entire fast-flowing current of financial surpluses and shortages must therefore be eliminated from the criteria for evaluating enterprises.

It was decided that the function of the basic measure is fulfilled best and most completely under these conditions by the degree of financial accumulation. This is, in essence, an indicator very closely related to the degree of profit. But it does not contain any accounts-settlements, and when related to the value of fixed assets (gross), it gives an unequivocal answer to the question: what accumulation does the enterprise achieve with its committed capital. In other words, what is its real input in earning the national income.

This basic measure was supplemented by additional criteria: an indicator of the ability to expend funds for development and an indicator of economic results. I will not describe them further because they fulfill an auxiliary role in relation to the basic criterion, which is sufficiently clear.

Is Compromise a Sin?

The method for evaluating organizations in the socialized economy, presented by the Planning Commission, is the first attempt in our history to put into practice objectivized criteria for measurement of the economic (also organizational and technical) efficiency of the functioning of enterprises. Nor should we forget this fact, which after all, is important in itself. I do not say nor do I expect to convince anyone that this is an attempt which is 100 percent successful.

The development of such a method, the selection of criteria in a way that would make them fit the present exceptionally complicated conditions in the functioning of our economy, in the period of its deep transformations—is neither easy in concept or simple in application.

It must also, on the one hand, perform specific informational functions for the parent organs, making it possible for them to conduct the correct economic policy. On the other hand, in a simple and comprehensible way it should make it easier for the internal control organs of the enterprise, primarily the workers' self-managements, to perform their functions.

This requires simplified models, which both sides can make good use of without difficulty—the minister and the member of the workers' self-management in the enterprise. This could not occur without some compromise. But it is difficult to make a charge out of this against the creators of the above-mentioned document.

The main value of the concept presented lies in the fact that all of the calculations conducted in it relate to the real conditions in which the enterprise operates in a closely defined time span. No reference is made to comparable data from another period, therefore it does not relativize the reality but depicts it factually.

Thanks to this we can learn how the enterprise is adapting to the changing conditions in which it has to operate. Does it have an ability to adapt, or not. Are its economic figures improving or worsening. To what degree is it improving them by applying new products, improving their quality, and reducing the consumption of materials, fuels and energy. Certainly no one can say that these are facts which are unimportant, or secondary.

In addition, a two-stage system of evaluations (general and comprehensive) is anticipated. The first, whose assumptions I have already discussed, also includes the opinion of the bank which finances the enterprise's activities—on its credit rating. The comprehensive evaluation, which is based on the results of the general evaluation, should be supplemented by additional information and analyses pertaining to the results of 3 to 5 years of the enterprise's operations. One evaluation supplements the other.

Philosophy of Inertness

The undoubted advantage of the concept being discussed here (even the author of the article in ZYCIE GOSPODARCZE perceived it) is the fact that it takes into consideration only the data contained in the present records of the Main Office of Statistics. Therefore, it does not require additional reports and record-keeping, which is a real nuisance for our enterprises.

While I definitely do not agree with the general premise contained in Marzena Kowalska's article on the inadvisability of any searches and practical applications of any kind of enterprise-evaluation measures, I admit that she is right in saying that no system of evaluations will replace the need for a thorough examination of the firm's activities. Except that, after all, no one is proposing this.

Therefore, we can argue whether the system proposed by the Planning Commission is good or bad, but we should not demand that it fulfill functions which do not belong to it.

One of the directors, when asked what he thinks of this concept, replied briefly: Even if it turns out not to be the best, by standardizing the criteria it will still be better than the discretionary evaluation now being applied. We want to be evaluated according to rules that are permanent and apply equally to everyone. That is what matters to us.

It would appear then that this method primarily is supposed to serve the enterprises themselves. It is in their interest to know on what they will be evaluated and how.

What it will bring, time will tell. The intentions are clear. It should objectivize the evaluation of all organizations in the socialized economy in industry, construction and transportation (with the exception of the Polish Air Lines and the Polish State Railroads). It should show the condition of every enterprise, its progress or regression, without coverup or embellishment. Based on rational premises, it should form the basis for a systematic evaluation of the efficiency of the actions and initiatives of the enterprise's management, thereby facilitating the conduct of correct cadre policy. It should enhance the ability of the workers' self-managements to exercise control and furnish the parent organs the information they need in order to shape the correct economic policy.

But Marzena Kowalska does not perceive these positives. On the other hand, she regards the evaluation method proposed as nothing but a dangerous toy in the hands of a child, who, not knowing how to use it, may cause harm to himself and others.

"If the tendency to cursory and unconsidered use of these indicators, interpreted in a simplistic way, prevails, then failure is inevitable," she states sententiously.

If this were a warning against a repetition of mistakes made in the past, when enterprises were evaluated on the basis of various yardsticks, and enterprises were then rated on this basis—comparing one with the other—then I would be ready to share the author's fears. Even when criteria are standardized, these evaluations should not be used for similar ratings and overall comparisons.

After all, every enterprise operates under conditions which are specific to it, e.g., availability of raw materials, ability to supply its own foreign exchange, etc. In using a uniform evaluating system, therefore, the results must be individualized in the context of that specific enterprise, and they must be analyzed as to how they change with the passage of time. Only such an approach makes sense.

But it appears from the further conclusions that the author does not have this in mind at all. She is frightened by the parent organ "demon" itself, whose role is not clear and whose intentions, she believes, are mostly unpure. Give this kind of organ a weapon in the form of an evaluation yardstick and it will shoot blindly, just to make use of it. We do not know, therefore, what frightens the author more: the allegedly bad system of evaluations proposed, or the possibility that they will be erroneously interpreted. Both, it appears, to an equal degree.

What, then, does Kowalska propose in the ZYCIE GOSPODARCZE article? Actually, only a meek contemplation of helplessness and a therapy of inertness. I think that the gentlemen in ZYCIE GOSPODARCZE, known for their initiative and activeness in economic matters, will agree that I am right when I say that this would be the most fruitless of positions to take in the face of the difficult problems which we must solve.

*"Methods of Evaluating the Activities of Organizations in the Socialized Economy—Instructions of the Chairman of the Planning Commission in the Council of Ministers, Dated 13 February 1988." This document was published in the RZECZPOSPOLITA supplement, REFORMA GOSPODARCZA, dated 3 March 1987.

9295

Proexport Policy Defended as Necessary for Debt Payment

26000286a Warsaw RZECZPOSPOLITA in Polish
28 Mar 88 p 3

[Article by Tomasz Bartoszewicz: "What Does Proexport Policy Signify?"]

[Text] The program for implementing the second stage of economic reform envisages that the national debt will stop growing by 1991. How will this be achieved?

From the technical point of view, for the indebtedness not to grow the interest on the present debt must be paid in full. Given the fact that at the end of last year the debt amounted to \$39.2 billion, this would require an expenditure of \$3.5 billion. But this is an incomplete figure because, after all, we are assuming that the indebtedness will continue to grow during 1988-1990 because the interest instalments will not be paid in full. Therefore, we can estimate that this increase will amount to \$10 billion. Then the sum which must be produced in 1991 grows to about \$4.5 billion.

This calculation is based on currency exchange rates now in effect and the present average interest rate. Thus it may, and even should, be corrected. But the correction certainly should not exceed \$1.5 billion, even under the most favorable conditions. We must, therefore, realistically assume that in 1991 we must have a surplus of at least \$3 billion.

What should this surplus be made up of? Certainly it would be a simplification to assert that it would come only from a favorable balance of trade. After all, we are obtaining considerable receipts from the export of services. Recently, transmittals of money from abroad (\$1.4 billion in 1987) constituted an important item in the balance of payments. Looking at matters realistically, at least half of this sum, i.e., no less than \$1.5 billion must come from surpluses in turnovers which are calculated in free foreign exchange. Let me emphasize here that this is a minimum figure which assumes that we have already come to terms with our creditors on the current interest rate and on obtaining new credits, including credits from the World Bank and the International Monetary Fund.

Thus the basic dilemma in our economy is to increase the favorable balance of turnovers with the second payments area by \$400-500 million. This is an extremely difficult task, but it can be accomplished if certain conditions are fulfilled.

First of all, the favorable balance cannot grow through a further reduction in imports. The flow of raw and other materials, as well as machinery and equipment, from the second payments area is already a factor which has hampered the growth of production, and thus the growth of export.

Therefore, there will be no increased export without increased import. This statement can really be regarded as axiomatic. It is absolutely essential that we come to an agreement with our creditors and obtain funds from them which will allow us to patch the most critical "holes" in our economy.

This is an indispensable condition, but it is not sufficient, i.e., the correct allocation of the foreign exchange obtained is an extremely important factor. The money must be put into those areas where every dollar of input produces several dollars in export. If we do not observe this rule, we will soon find ourselves in the same situation as we did in the 1970's, when the economy absorbed growing amounts of foreign exchange with almost no effect on exports.

From the standpoint of the immediate interests of society, the newly obtained funds should be allocated to endeavors which will produce a improvement in the standard of living, and at least an improvement in the availability of goods on the domestic market. But over the long term, these measures would not be good because they would postpone, if not squander, the opportunity to achieve a payments balance in our country.

Anyway, there is still one more "but." Let us not forget that we are in last place in Europe from the standpoint of amount of per capita export. Our economy, therefore, is of a decidedly closed nature. Only a growth in the share of the international division of labor and the benefits flowing from that (including the comparative benefits) create an opportunity for the future. Any kind of "autarkic" variant, on the style of 1970's, must inevitably aggravate economic difficulties even if ostensibly it alleviates them in the beginning.

Under these circumstances, the use of compulsory export in economic policy becomes essential. We know, after all, that "appeals" belong to the past, and anyway, they did not do much then either. Self-dependent, self-managing and self-financing economic entities can be induced to act only through economic compulsion.

One form of such compulsion is the expanding turnovers of foreign exchange between enterprises. Imports which are centrally financed must shrink from year to year. There is no other way to increase foreign exchange allowances and thereby expand the scope of foreign exchange self-financing in the economy.

This process will certainly be painful for many enterprises. They are already complaining that without a return of foreign exchange "input", almost nothing can be bought. But this, despite appearances, is not a mistake in ideas, nor is it lawlessness, but it is a deliberate policy of compulsion. Any enterprise which does not export will have no foreign exchange of its own, and without foreign exchange it will have no supplies or funds to regenerate or modernize its stock of machinery. Of course, certain fields, such as health protection, education, and housing construction, must be excluded from the policy of compulsory export. Special solutions are needed for these fields. But the exceptions confirm the rule.

Obviously it would be unrealistic to assume that all producers (I am omitting, in this case, the previously named fields which are exempt for social reasons) will engage in export. For various reasons some of them will continue to produce exclusively for the domestic market. But they can take part in export in an indirect way, as coproducers, to fill a gap which may occur on the market after goods produced by others are exported.

It is essential, therefore, that this group of enterprises also be given access to foreign exchange. In the case of coproducers, the matter is quite simple—they should obtain their foreign exchange from the exporter of the final product, which, in any case, is already provided for in the regulations.

The case of those who will not participate at all in the effort to export is more difficult. Their only source of foreign exchange will come from participation in various types of foreign exchange bidding. Here we are referring not only to the auctions conducted by the Export Development Bank on the foreign stock exchange principle,

but also on the auctions which will soon be set up by the central economic authorities (foreign exchange saved as a result of the narrowing of the scope of import which is centrally financed will be auctioned off here).

But the main source for the financing of imports will be the foreign exchange allowances, which should induce all those who have not yet attempted to sell their products abroad to make such an attempt. Those who have their own foreign exchange will be in a decidedly privileged situation, which will also unquestionably have an impact on their development funds and wages.

The policy of compulsory export arouses much controversy, as it must. But there is no other way of achieving a payments balance in our country.

9295

Heavy-Industry Distortions; Return of Small Industries Advocated

26000282 Warsaw *PRAWO I ZYCIE* in Polish
No 15, 9 Apr 88 pp 3, 4

[Text] The statement by Janos Kornai that the socialist economy is an economy of shortage has become a hit. As the Hungarian economist shows, the shortage cannot be staved off by any cosmetic actions. We know well what the economic consequences of it are. Each successive attempt at eliminating the so-called inflationary gap ends in disaster, because none of the successive price increases can bring the market to equilibrium given the structure of the national economy in which, figuratively speaking, its major share "produces" demand, and only a small share—supply.

While designing a theoretical pattern of appropriate economic structure, Marx assumed that the overall value of the means of consumption (i.e. consumer goods and services) should correspond with the overall wages of both the ones producing these means of consumption and those producing the means of production or employed in the non-productive sphere. Tugan-Baranovskii, a Russian economist known for his theory of crises (and to the readers in Poland between the [world] wars—also for his book on cooperatives), wrote in a letter to Marx that, after all, a different model of development was possible, in which sector A (means of production) would develop much faster than sector B (means of consumption). In this event, we would be dealing with economic growth, perhaps even impressive, as far as statistics are concerned, whereas actually the economy would be "producing" a crisis. To this the addressee responded that yes, the reasoning of Tugan-Baranovskii was indeed quite correct theoretically and no argument could be made against it. However, as Marx believed, it was so only in theory, because it was difficult to imagine that anybody would ever want to implement such an absurdity. However, it turned out that life is full of surprises which even the scientists did not dream about.

Last year, symptoms of a disease well known to us since the late 1940s occurred in the economy. Investment outlays were once again higher than planned. Meanwhile, commissioning of investment projects lagged not only behind the plan, but also behind actual fulfillment in 1986. Worse yet, despite the consensus that it is necessary to restructure the economy, the old structure is doing all right and getting stronger. Expenditures in industry dominate, and the fuel and energy industry devours an overwhelming majority of them. Investment projects in progress in the fuel and energy industry account for 56.7 percent, and the newly started ones for 76.8 percent of all investment funds allocated by the national socio-economic plan for central investment. This is happening despite a provision in the Sejm resolution on the national socio-economic plan which calls for restricting investment in the iron and steel industry, chemical industry and power generation to the quotas necessary for restructuring in these branches.

Unless this situation changes, equilibrium in the market will not be achieved; we will always have to deal with an inflationary gap, that is to say, a relative surplus of money finding no equivalent in goods which can be purchased with it. A deteriorating quality of products and a decline in work ethic are but a further inescapable consequence of this condition.

Over 40 years of chiselling in stone memorials to the producing man, combined with neglect for and belittling of the consuming man, have resulted not only in a situation when many basic consumer needs are not met, but also a decay of the work ethic itself.

Further preservation of such an industrial structure brings about a practical realization of the model envisaged by Tugan-Baranovskii—an economy which devours itself, where increasing expenditures are needed in order to achieve progressively smaller results. There is hardly an economist today who is not aware of it. Therefore, the reasons behind the stability of this structural deviation merit consideration.

Stalinist Model of Industrialization

The early 1950s, the years of "the cold war," were the time when the restoration of the economy destroyed by war was subordinated to military objectives. This "strategy of imposed industrialization," as the well-known definition by Prof M. Morawski puts it, applied not only to our country, but it is here that it was implemented most fully and persistently.

The statement that the Stalinist model of industrialization, with sector A dominating over sector B, megalomania and production for the sake of production, was implemented in Poland more completely than in other socialist countries is shocking. After all, we are inclined to believe that it is exactly the other way around, that stalinism got rooted the least in Poland, because, on the one hand, it is in our country that it ran into the strongest

resistance by the populace, while, on the other hand, it was implemented with relatively less zeal and ruthlessness. Thus, we are proud that the peasants would not be collectivized, that the church always persevered as a powerful and independent social force, that culture and intellectual life enjoyed greater freedom than in neighboring countries.

Nonetheless, the fact remains that the structure of our industry is even worse than in Romania. Large industrial enterprises dominate, while small ones are lacking. In Warsaw, the average workforce per enterprise is the highest of all European capitals, which is not at all to say that Warsaw is the most industrially developed European city.

This shape of the industrial structure was primarily predetermined by the tremendous extent of destruction during the war. It affected Poland more than other socialist countries. From about 30,000 industrial enterprises in existence before the war, over 65 percent were destroyed, and in the regained lands, this share was even higher—about 73 percent. Therefore, after the war the Polish industry was built practically from scratch, with heavy industry and machinebuilding dominating in accordance with the Stalinist model of industrialization. With the exception of the textile industry primarily clustered in Lodz, our new industry had no counterbalance in the way of industrial assets inherited from the past and oriented towards meeting consumer, market needs, as was the case in Czechoslovakia or the GDR.

The question still remains as to why this scenario of industrialization was pursued later. Megalomania, production for the sake of production, neglect and even destruction of small-scale industry have not been restricted to the 1950s. Gomulka closed down local brick plants, and Jaroszewicz destroyed a large part of small-scale production of consumer goods by one administrative decision. In Stalin's time, this was a strategy of industrialization imposed on Poland. However, it is difficult to attribute the policy pursued in later years entirely to external reasons. By then, it had its own, domestic logic and dynamics, due to which, despite the many attempts to reduce the disproportion between the production of the means of production and that of the means of consumption, including primarily the so-called consumer goods, all of such attempts have ended, and still continue to end, in failure.

Mythology of Productive Work

Certainly, the Stalinist dogma on the preponderance of sector A (means of production) over sector B (means of consumption) was not explained officially and publicly by military needs. On the contrary, it was justified by the need to create a foundation for future welfare and affluence. At the same time, it was justified by ideological considerations.

In class terms, a miner was more "working-class" than a garment maker at an apparel enterprise; a steel mill was more "socialist" than a dairy plant. Labor—worker—production—this propaganda triad, exploited by all channels of institutional indoctrination and mass media, and in the 1950s by art and literature, has shaped social awareness to a greater degree than we think. There was no room in this triad for a client and a consumer. To this day, those involved in serving the clients directly—salespersons, craftsmen, employees of service establishments—rank the lowest in professional prestige. Their salary situation is not the main factor responsible for this.

Prof Grzegorz Bialkowski was right when in his article entitled "Man in Marxism" published in *POLITYKA* he argued that a man with his specific peculiarities has no place in the social doctrine of marxism. However, this observation should refer not to the philosophy of Marx himself, but to later, primarily stalinist, interpretations of this philosophy.

Extension of the validity of this interpretation was not the result of dogmatic forgetfulness by planners who perpetuated this structure in successive socio-economic plans, efforts by representatives of local authorities to get investment projects [located in their jurisdictions] or TV journalists for whom a steel mill worker at the furnace continued to remain the epitome of working class in the large-scale industry as late as the 1970s. This interpretation has been and is operational due to the web of interests, dependencies and inability to act which formed along with this structure.

The Strength and the Weakness

In a market economy, there is no need to put up banners "The Customer Is Always Right" in the shops. In such an economy, the purchaser—and not only the consumer (because the producer also makes purchases)—determines whether production makes sense. A product nobody would buy is a total loss. It makes no sense. The purchaser who determines profit or loss, success or bankruptcy, cannot be neglected. Kenneth Galbraith, a liberal American economist popular in his time, argued that in such an economy the power of the customer is imaginary, because the producer creates his needs. He forces the tastes and dictates the needs to the consumer. It is true that in this manner demand for unnecessary things, gadgets etc. is promoted. However, one cannot want something that he does not know about, something that does not exist. If we were to meet only the needs we know about and feel, we would still use clubs and live in caves.

In our economy, the purchaser is a suppliant with no power or significance. A bargaining arena where the needs of powerful producers count replaces the market. In our country, an enterprise is a substitute for a political system. Under these circumstances, the economic policy of the state becomes a resultant of pressures by branch

and ministry special interest groups, which were additionally bolstered by the old structure of management. The latest reform of the center is the best example of difficulties in overcoming this structure.

In this bargaining arena, the weak lose and the stronger ones win. There are few producers of consumer goods among the latter. This, however, is not the entire picture yet. After all, even the producers of consumer goods who have clout as a rule use it against customers when they participate in this game. Our automobile industry sarcastically called "the Pol-Mot [Polish Automobile Production Association] gang" by Jozef Kusmirek is the best case in point. Rules of the game serve the interests of the producers, in many cases at the expense of consumers of these goods, because the purchaser is not an umpire in this game, as is the case in natural markets. More often he is the victim. The goal is not to broaden the market for your products and gain new customers, but rather to be able to produce less at a higher price, to negotiate investment outlays, subsidies, tax breaks and the right to raise prices. The mechanism of this game, therefore, perpetuates the old industrial structure. Those who have great production assets and employ thousands of people win at this game. The needs of such enterprises carry certain weight, which usually outweighs the needs of their weak, small competitor claimants on the state coffers.

This is the case primarily with industries whose interests have been given protection in the theses for the second stage of the [economic] reform in the form of a provision on "indivisible, natural monopolies." Certainly, this is not about the match-producing monopoly. At the Congress of Polish Economists, an opinion was expressed that a clear relationship exists between the preservation of bureaucratic management structures in the fuel and energy industry, iron and steel industry and construction and the stream of subsidies directed to these industries from the state budget.

However, there is still another reason for which the rich win and the poor lose at this game. With the exception of Lodz textile mill workers, to date all strikes which have shaken the political system erupted in mining, heavy industry and machinebuilding enterprises. Discontent of employees in small enterprises from poor, usually market-oriented, industries is not dangerous. What is dangerous is discontent of workforces in shipyards, steel mills and mines. In the backroom game of political bargaining, the voices of branch ministers, directors of associations and large industrial enterprises mattered, as well as those of local representatives of administrative and party authorities from the most industrially developed centers. Likewise, in the great arena of social forces, the voice of workforces of standard-bearing enterprises in the old model of industrial development mattered. This brought about the formation of groups with wage and social privileges. It is not an accident that wages and privileges of such groups increased most rapidly in times

of political crises. In 1987, the [average] wage in the fuel and energy industry exceeded 47,000 zlotys, whereas in the light and food industries it was below 26,000 zlotys.

Structure of Ownership

I have mentioned the lack of appreciation for, or even destruction of, small-scale industry. The opinion, commonplace and widespread in our country, that a small production enterprise is a backward manufacture, and that a hammer and pliers are the tools of a craftsman, is erroneous. Many people are surprised to learn that machinery and equipment of the highest technical standard in the world are produced elsewhere in small enterprises with several or a dozen employees, and in our country private craftsmen produce for exports to the hard-currency markets complex metering and medical equipment which large-scale industry principals cannot turn out. The point is not at all to get convinced that small is beautiful, as the title of a book by Schumacher, popular in the 1970s, trumpeted. The message is that it is just such small, little enterprises quickly responding to changing needs of the market that are the foundation of industries producing most consumer goods.

However, in our country the structure of ownership prevents the setting up of such small enterprises, employing from a dozen to several dozen people and geared to market production. In our country, the state is the main owner and, therefore, investor. In its turn, the investment policy of the state is understandably geared to meeting the basic needs of the entire national economy or fundamental social needs, which are statistically discernible and form large aggregates. There were periods of time when the program of the investment policy of the state called for creating jobs for more numerous age brackets of young people beginning their adult lives. Such programs have never called for setting up workshops producing goods which people want to buy. We cannot even rebuke anybody because of that. People need thousands of different goods, things and items which no planner can take stock of. However, everyday life without all of them may be difficult. [Production of] a majority of consumer goods cannot be reasonably planned or organized by the state center, with the exception of main, basic consumer goods which may be mass-produced, one of the reasons being that small-scale production is not profitable, such as, for example, cars, TV sets, tape recorder etc.

In a situation when the state is the main investor, the structure of investment cannot but be distorted. Investment decisions made at the central level naturally involve intentions on a certain greater scale in terms of investment outlays and size of output.

A large number of investors owning relatively little capital is needed to develop a wide-ranging market production offering good selection. A single investor, the state, even the richest one, cannot replace them. Such capital exists in Poland, and it is not necessarily private.

We can envision group capital organized in the form of a cooperative, local capital of city and parish authorities and, finally, capital of already operating enterprises, including state.

Our economic, and primarily tax, policy presents an obstacle. In the most general terms, this policy is based on ruthlessly and greedily syphoning off the funds to the state treasury in order to be able to invest, subsidize and provide additional financing from that treasury.

9761

Medicine Shortages Linked to Import-Export Confusion, Losses

26000286c Warsaw TRYBUNA LUDU in Polish
25 Mar 88 pp 1, 4

[Article by Mieczyslaw Wodzicki: "What Is Holding Up the Production of Medicines?"]

[Text] The situation is, at the very least, exasperating. In the Herbapol Factory in Pruszkow the lines for producing drugs from domestic herbs, used for many ailments, have been standing idle for a long time now. They are idle for lack of imported ingredients.

As a result, during the first quarter of this year, 74,000 packages of phytolysin (a medicine used to counteract kidney stones) will be sent to drugstores, instead of 700,000 packages. Instead of 300,000 packages of hemostin (used for burns and cuts), 130,000 were sent.

Reports about other medicines are also alarming: Factories are delivering 154,000 packages of phytoven (an anti-swelling medication) instead of 190,000, and 73 tons of neonormacol (a medicine to regulate the digestive processes after surgery) instead of 97 tons. There are also much smaller amounts of anti-ulcer and hyperacidity remedies.

What Herbapol is producing today is scarcely 20 percent of the amount ordered by "Cefarm". The fact that these medicines were covered by a government operational program makes things worse.

"This imposes specific duties on both the factory as well as the party doing the ordering," says director Ryszard Olszewski. "Frequent monitoring of the office of the government's representative on the operational program for the production of health protection items brings no results. We have the basic raw material from which they can be produced right here in our country. We plead for the procurement of small batches of raw materials which are used in medicines, for example, glycerine, agar-agar, wheat starch and ether extracts. Right now we have no

glycerine, freon (for aerosol) or starch. All of our requirements could be met with an expenditure of \$600,000. This is holding up production valued at 1.5 billion zlotys and export valued at 4.5 million rubles."

Who will pay for the failure to meet scheduled deliveries of phytolysin to the USSR? Instead of 1 million packages valued at 1.4 million rubles, we sent only 240,000. The importer will not forget to add the penalty, amounting to 15 percent of the contract, to the bill.

The practices of the foreign trade offices, e.g., Ciech, Rolimpex and Agros, also cause serious reservations. Last year, we hear in the factory, we received a large batch of ingredients for a medicine which was supposed to be produced in 1985. We are no longer producing it. The foreign exchange spent could have been used for something else. For example, for the purchase of normogran. It is not produced today because of lack of rockweed, an iodine-bearing plant. We heard in the office of the representative on medicine supply that there will be no foreign exchange for this purpose. Meanwhile, we received information from Gdynia that 10 tons of this raw material is waiting to be accepted, which is enough for almost a whole year's production.

Although this is a pleasant surprise for the producer, it shows that procurements are not being monitored. The confusion in imports leads to despair. Random raw materials are being purchased, from which medicines cannot be compounded. Yet after all, if foreign exchange is scarce it should be concentrated on ingredients which will allow for the production of one medicine, rather than none at all. Large lots are being purchased for a year's production, or a year and a half, while the enterprise has to pay interest on excess stocks and production stands still.

"If we were told," adds director Ryszard Olszewski, "you have this many dollars and spend it yourself, then the results would be different. And the present purchasing policy upsets the already-meager production potential. Predictions are that the production of medicines will be further reduced because of lack of raw materials. Of the 12 items ordered by "Cefarm" for the second quarter, Herbapol accepted only 2.

"The factories try every possible way to maintain production. Recently they have been intently following the travels of another batch of glycerine purchased abroad. It has already left Antwerp, I hear, so it will be possible to catch up with the production of phytolysin and phytoven. But after all, a sick person cannot take the necessary dose of medicine retroactively or in advance. Almost no hope is held out for the production of 1 million packages of neonormacol. Unless, again, someone forgot about an order that was placed...

"This also affects the factories, which during the first quarter delivered medicines for 201 million zlotys instead of 472 million. Instead of a 100 million zlotys profit, it was 30 million. We will be held accountable for this, because efficiency is dropping. As the head of the firm, responsible for its results," says director Olszewski, "I ask: Who will pay for this..."

In order to save themselves from bankruptcy, the factories are producing herbal cosmetics: toothpaste, shampoos, deodorants, make-ups. They sell like hotcakes and bring much greater profits than medicines. But they are not the basis for Herbapol's production in Pruszkow.

9295

GERMAN DEMOCRATIC REPUBLIC

Professor Scores Graduate-Study Inefficiencies

23000076 East Berlin DAS HOCHSCHULWESEN in German Vol 36 No 4, Apr 88 (signed to press 12 Feb 88) pp 109-112

[Article by Prof Dr Hans-Georg Mehlhorn of the Department of Pedagogical Psychology at the Felix Mendelssohn-Bartholdy College of Music in Leipzig: "Economy of Time, Personal Planning, and Work Style"]

[Text] The economy of time represents a challenge for each scientist in our age, and this challenge decisively affects his work style and, consequently, his lifestyle. The reason? "Top world standards are definite and unassailable criteria, regardless of the specific field, and so is the benefit for socialism" (G.Schirmer 1988, p 4). This requires each individual to make intensive efforts to gain time. "In research, the gain of time means first of all the need to keep as short as possible the time span between the formulation of the problem and the result, in other words the need to rationally organize the research process as such. Top scientific achievements must be produced at the right time, and that is the time when the result is new or part of the new at an international level. That which fails to materialize today may be obsolete tomorrow, because someone else is occupying the peak. The appearance of a respective product on the international market before a competitor can get there, ultimately decides the profitability of a specific piece of research" (ibid). Let us be honest: The average timespan for research accomplishments produced by our universities and colleges—regardless whether it involves a graduation project or other research—is generally too long (measured by international criteria), although of course there are some exceptions. This is confirmed by the analysis, cited by Schirmer, according to which only 3 of the 150 tenured professors appointed in 1987 were 35 or younger and also by his indication that our young scientists are normally 29 before being able to publish their first work. At the same time the interval between A and B degrees has now widened to an average of 9 years, and the time needed for research studies, candidacy and time limited assistance jobs is often exceeded (see ibid, p 5).

It seems incredible that, in most fields, a work result taking 9 years from its launch could possibly be considered even a nationally significant result. As far as graduation is concerned, such a time span ought at most to be the exception, and certainly not the rule. We must concentrate on the question of the work style of the postgraduate student, that involves such inordinate lengths of time, the time planning to which the postgraduate students subject themselves or are subjected to by others. We are tempted to ask whether such long times are due to the incapacity of the graduate student—something that need not be shameful per se, because he may contribute useful work even without achieving this highest level of qualifications—and, therefore, whether

we have chosen the right people for this top level, or whether we need to seek the reason in the inability of the supervisors in their daily work to take in account the graduation of the young cadre within 2-3 years (which I would consider normal). They should certainly not allow a lapse of more than 10 years.

Sociological analyses and polls demonstrate that many young scientists do not submit their work style and lifestyle to any personal time planning. Indeed, some are actually prevented from such time planning as would be appropriate for their scholarly efforts (let alone encouraging). This is bound to hold back their development to top level scientists.

Reflections about the economy of time in science do not differ from reflections on the economy of time in other fields of the national economy. They always feature two factors: The first is the length of the work time, the second its intensity.

In science, too, the intensity of the use of work time has hardware and software elements. In the case of the hardware elements, this is a matter of the available equipment in its full range from word processing (since a dissertation always involves writing) to the equipment required for the scientific investigation of the topic and, therefore, the solution of the problem. In my experience we tend at this point to encounter defects and difficulties. A problem frequently arises, for example, with respect to the procurement of the necessary books, in particular books outside the direct core of the respective field of study. And yet, for many years now the most productive contributions have occurred at the intersections with other disciplines and subdisciplines. I am not going to deal with these aspects in greater detail, because the postgraduate student can do little about them. Still, it does not help to covet the best or to blindly trust the apparatus (let alone do both at the same time), nor should the candidate renounce the optimum utilization of socially available opportunities.

As far as software elements are concerned, it is imperative to consciously acquire the appropriate thought strategies, in particular creative and problem solving techniques, to learn foreign languages and acquire the necessary sound knowledge in the pertinent field. These aspects should receive far greater attention in our secondary schools, because they are intimately related to the length of work time.

H. Passow and H.J. Walberg, two U.S.scholars, have shown that the production of top level scientific, technical and even artistic achievements depends on the acquisition of basic knowledge and, as a rule, calls for 10 years of 70 hours' work per week—even if external conditions are favorable and the individual talent has great potential.

Demands are similar with regard to those students at elementary and advanced sports schools, ballet and dance schools and, possibly to a somewhat lesser extent, the special music schools in our country, who are destined to produce internationally outstanding performances. Students who achieve this goal have used their time intensively, not just extensively. The actual time spent in study is not per se a guarantee for the achievement of the goal. Also required are great individual talent, experienced teachers and instructors as well as general conditions favorable to the achievement.

The time analyses of outstanding scientists and inventors in our republic yield similar results to those published by Walberg and Passow. Polls and time analyses show that work style and lifestyle are largely decided by the claims of personal time planning.

Unfortunately, this is not usually the case among our young scientists. The reasons for this phenomenon are various. I will here deal with three groups of problems, because I think that they exert a decisive influence on the work style and, therefore, the lifestyle of the scientist.

1. How can we manage to prevent the loss of potential development time in the individual development of the young scientist and, consequently, avoid breaks in the evolution of his motivation and performance?

2. How may gifted secondary school students, university students and young scientists be enabled to use their time intensively? Are we doing enough to counteract any situation interfering with the socially desirable use of time?

3. How can we begin to affect the more time intensive and steady development of gifted young scientists so as to enable them to rise to top levels?

As for 1: Let me cite an example that is typical for a situation which makes me increasingly uneasy but appears to be amenable to improvement: The interval and the use of this interval between the completion and the defense of a graduation procedure. I mean it when I say "completion" rather than submission, though of course the same holds true for the interval between submission and defense. Even though I may once again be accused of taking a romantic view of the past (see M. Loetsch, p 16), I would like to point out that I defended my thesis in 1969 only 4 weeks after its submission. Admittedly, even then this was not an everyday occurrence, but it was not exceptional either. Being a managing assistant, I was then in charge of setting the date of the defense.

The next example from the present time is not an everyday occurrence either, nor is it exceptional: A former research student of my acquaintance submitted her dissertation in summer 1986 and finally got to defend it in autumn 1987. I am not even concerned here with the extremely long interval as such. It is another

aspect that seems to be important. From the standpoint of my specialty (psychology) I ask myself how such a long wait may affect the future work style of the particular individual. It was indeed a time of waiting, although the candidate was assigned many other tasks in the meanwhile. Her repeated requests for a discussion of future research tasks and advanced study opportunities for her were dismissed with the explanation that she should wait until she had defended her completed A dissertation.

How will a young person behave when, constantly admonished of the importance of quality and punctuality while engaged in study, he or she now finds out that the dates fixed are meaningless. Important only is mindless compliance with them. How often, I ask myself, will it later be possible to motivate the young person to the fullest commitment of all his capacities and abilities and to the subordination of all other needs and desires to the accomplishment of the research task?

Whenever we permit something like that, let alone contribute to it as supervisors, experts or members of various committees, we are bound to not just lose credibility but actually share in the responsibility for the evolution of extensive work styles in science. This is demonstrated by sociological investigations and strikingly illustrated by the facts about graduation cited earlier.

Concerning 2: Though a direct comparison of talents does not seem possible between science, sports and art, it is most certainly interesting to note the approach taken in the U.S.A., the country which provided the quantitative time data. The best potential young scientists in the United States are systematically prepared for this kind of production as well as for the full development of their capacities. The National High School Institute at Northwestern University, for example, organizes 5-week summer courses. The most gifted students at the high schools of the region work in the classroom from 0800 hours to 2200 hours, 5 days a week. The situation is very similar at the National Music Camp in Interlochen, Michigan and also at the governor schools in Arkansas, North Carolina and Virginia.

The work of the orchestra begins at Interlochen at 0820 hours, and, inclusive of theoretical and practical tuition and exercises, extends to 1630 hours, followed by leisure and dinner. Class work begins again at 1900 hours, concerts start at 2000 hours.

What is the student comment regarding these challenges?

One of two students at Interlochen would like to return the following year. Teachers, too, return year after year, although salaries are low, and they are required to pay for board and lodging. They are rewarded and motivated by the results achieved.

The National High School Institute requires that aspiring participants are in the top 25 percent of their high school class. It also requires intelligence and character qualities—needed to cope with the stringent demands (see J. Cox et al). Actually there is no easier way. Preparations for future top performances must begin early and, according to all known scientific research results, cannot be had more easily anywhere else. Evidently this holds true for our country also.

However, until now we have failed to prepare future young scientists, our most gifted pupils and students, for this demanding work in science, failed to prepare them as we do our young sportsmen and women and our artists. In my experience only the 11th academic year of the EOS [expanded secondary school] represents an exception with regard to the intensity of its challenges. Highly gifted pupils and students are hardly ever fully stretched for any length of time in the course of their studies. This personal experience of many of the best actually makes for a work style that depresses their actual potential—failing to contribute to their development and in fact tending to limit it. After all, the greatest potential talent is made fruitful only by exceptionally strong challenges. This may well be another reason for the interval of 9 years between A and B dissertations.

It seems a kind of special pleading for mediocrity when Manfred Loetsch critically comments these research results and the internalization of an attitude shaped by personal orientation to them. According to him, "not everything that historically resulted in the development of outstanding scientists can be reproduced in current conditions...Of course no bouquets are to be won in science by the principle of 'working strictly in accordance with regulations'; the normal work day cannot be equated with that in an ordinary office. Where, though, are the dividing lines? What are the maxims by which our young people should now be properly guided? To what extent are we running the danger of giving them advice that they cannot live up to or that makes them pay to high a price?" (M. Loetsch, p 15). Even though we know that "work to rule" has long been one of the strike methods of working people in the capitalist countries and is therefore highly unsuitable for any office, I have learned from experience that top performances are not possible in any profession without a definite deviation from legally guaranteed working hours—and that applies to everybody, from the craftsman and small trader to the engineer, from the official employed by social organizations to the combine director, the artist and the sportsman. Despite our great and legally guaranteed social security, the situation here is no different from the economic compulsions imposed in imperialist countries. The international standard in the respective field definitely dictates the necessary social and, consequently, personal commitment. It is not enough for us nowadays to talk about equitable payment for work rendered, the enforcement of the performance principle and the standard of performance and, like medieval guilds, at most compare our performance with the competing products

of our immediate neighbor. We must be able to challenge each idea and each product of our international competitors by our own ideas and products. While Loescher is right to say that the young scientist also is "bothered by everyday affairs: By waiting in long lines, by expensive repairs and services" (ibid), we must consider the question whether we should use this as a justification to lower our expectations of total societal performance development to be achieved by the maximum commitment of each individual's capacity, or whether we simply must change the conditions that currently prevent the most gifted and most motivated young scientists from committing themselves wholeheartedly to their field. We often say that the international class conflict has not weakened by comparison with 20, 30 or 40 years ago. We still retain the very pertinent slogan of the work place as the battleground for peace and continue to be well aware of the international significance of socialism precisely for this goal—however, just this represents the challenge to each one of us to do our very best in our respective fields—and not just 5 days a week for no more than 8.75 hours.

I also believe that it is pretty useless to cast envious glances at the glamorous and ample equipment of some Western research laboratory unless we are prepared to work just as hard as is the custom there. After all, the question is not whether the personal work style leading to top performances can be reproduced in the conditions prevailing here, let alone to insist on finding reasons why this should not be possible. At most we might ask whether this style is objectively necessary or whether we know of other and more efficient methods likely to result in early top performances so as to enable us to be the first to arrive at our goal in the shortest possible delay. As we all know, there can be only one world leader, and many struggle to dislodge whoever occupies the throne.

Loetsch and others fear that he would have difficulties to "reconcile" such an intensive and long work day with his "socialist values" (ibid, p 15). He relates this to consequences that, according to many examples furnished here in our country also, do not necessarily follow. In any case, in the race for top international standards our socialist values are meant to ease the way, not prevent us from taking it.

As to 3: Gregor Schirmer proposes one method conducive to the time intensive and steady development of gifted young scientists:

"We may make it a rule for top cadres to pass much earlier and more rapidly the milestones of scientific development, such as the diploma, A and B graduation, first publication, first lecture at a conference, appointment as lecturer and professor, and allow in their case some milestones and stages of development—indispensable for the majority—to be dispensed with as planned" (as before, p 5). As regards the above mentioned milestones, I rather doubt whether they should in fact be dispensed with. Top people must be expected to produce

performances at a higher level and/or in less time, certainly the ones mentioned, from A graduation to publications and lectures at conferences. Here in our country, top scientists are usually not challenged enough in the stages prior to the diploma (and that refers to quantity as well as quality). They therefore need coherent work time to mature. Granting a cadre the B graduation for his A dissertation cuts his scientific maturation time by 3-4 years (assuming a top performer) and, 3-4 years early assigns him duties that, for many hours each day, keep him away from his scientific tasks in researching problems in his specialty. Since we in our country have neither research lecturerships nor research professorships with the goal of the further qualification and performance realization of young top cadres, we have no way to take on any further purposeful scientific development.

I also doubt whether we can turn on its head the realization that earlier achievements offer the best forecast of future performance, in other words whether success can be achieved by appointing someone in the hope that he will do something. In the GDR no professor as yet needs to publicly defend his chair by displaying his accomplishments. In future we should no longer seek reasons for the failure of dreams to mature. Instead we should weigh achievements exclusively by the requirements posed by international standards.

On the other hand I am in full agreement with Schirmer when he says: "Top cadres should not concentrate on fulfilling all criteria and pursuing all usual methods. They should rather concentrate on creating the conditions appropriate for their earliest possible achievement of top performances" (as before). Admittedly, I do question whether this should apply to top cadres only and also just who is to say (and on the strength of what criteria) who actually is to be considered a top cadre. I would prefer to have this demand expanded to a more general application. Should we not properly ask what is to be the best method for the development of each potential young scientist, based definitely and primarily on the premise that this may help him arrive at top performances? And is this not a question arising anew at every stage? Some people may not so far have joined the ranks of the best, because they needed to handle too many mundane tasks, because nobody thought about what might be appropriate for them and challenged them accordingly. The experiences gained by some sections with long-range cadre development programs for some, coupled with the exclusion of others, have not all been favorable. Only. Quite often they resulted in the loss of commitment among the ones as well as the others:

Among the ones because they knew what their future would be, among the others because they assumed a relative lack of opportunity, even though this could be overcome. Should not the previous accomplishment serve at every stage as the justification for the quality and quantity of further challenges and encouragement (with priority for the challenges)? Do we not need this competition also to be a genuine competition for the achievement of such milestones as publications, lectures at conferences at home and abroad, studies abroad and also the dispatch abroad of guest lecturers and guest professors? I consider the dispensation, let alone long-term planned dispensation, from such milestones for some individuals to be singular exceptions for young scientists who are entitled to this by concrete performances at an exceptionally high standard, certainly not a bonus handed out in advance of possible future performances. Such a bonus should not be granted with respect to the dispensation from a diploma thesis, nor should we hand out a lectureship or professorial appointment on such a basis. If this encourages the effort to perform well, we will see that it is easier to live with temporarily vacant chairs than with those filled by future expectations.

These three groups of problems are far from covering the problem as a whole. Still, without more reflections about the interconnection between the economy of time, personal time planning, work style and lifestyle, I see no possibility of accomplishing the tasks confronting science and, therefore, each one of us.

Bibliography

1. Cox, J. Daniel W., Boston, B.O.: "Educating Able Learners, Programs and Promising Practices," Austin 1985.
2. Loetsch, M.: "Comments on an Open Letter," WELTBUEHNE, No 1/1988.
3. Passow, A.H.: "Education of the Gifted," PROSPECTS, No 14/1984.
4. Schirmer, G.: "The College Teacher in Our Age," DAS HOCHSCHULWESEN, No 1/1988.
5. Walberg, H.J.: "Improving the Productivity of America's Schools," EDUCATIONAL LEADERSHIP, May 1984, No 8.

11698

10

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, economic, military, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available source; it should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated. Those from English-language sources are transcribed, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names which are rendered phonetically or transliterated by FBIS/JPRS are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source.

SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in 8 volumes: China, East Europe, Soviet Union, East Asia, Near East & South Asia, Africa (Sub-Sahara), Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications generally contain less time-sensitive information and are published periodically. Current JPRS publications are listed in *Government Reports Announcements* issued semi-monthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcovers or microfiche) at no charge through their sponsoring organizations. DOD consumers are required to submit requests through appropriate

command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.) For additional information or assistance, call FBIS, (703) 527-2368, or write to P.O. Box 2604, Washington, D.C. 20013.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. New subscribers should expect a 30-day delay in receipt of the first issue.

Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United